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IRAN-CONTRA INVESTIGATION

JOINT HEARINGS

BEFORE THE

SENATE SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION

AND THE

HOUSE SELECT COMMITTEE TO INVESTIGATE COVERT ARMS TRANSACTIONS WITH IRAN

ONE HUNDREDTH CONGRESS

FIRST SESSION

100–7

Part I

JULY 7, 8, 9, AND 10, 1987

TESTIMONY OF OLIVER L. NORTH

(Questioning by Counsels)

Printed for the use of the Select Committees on the Iran-Contra Investigation

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HOUSE SELECT COMMITTEE TO INVESTIGATE COVERT ARMS TRANSACTIONS WITH IRAN

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CONTENTS

PART I

JULY 7, 8, 9, AND 10, 1987

All appendix items appear in part III of volume 100-7.

WITNESSES

Page

Tuesday, July 7:

Committees' Discussion 1
Oliver L. North 2
Continued Discussion of the Committees 2
Continued Testimony of Oliver L. North 6

Wednesday, July 8:

Continued Testimony of Oliver L. North, from July 7 95

Thursday, July 9:

Oliver L. North 187
  Opening Statement 187
  Continued Testimony, from July 8 192

Friday, July 10:

Continued Testimony of Oliver L. North, from July 9 281

PART II

JULY 10, 13, AND 14, 1987

WITNESSES

All appendix items appear in part III of volume 100-7.

Page

Friday, July 10:

Continued Testimony of Oliver L. North, from Part I 1

Monday, July 13:

Continued Testimony of Oliver L. North, from July 10 31

Tuesday, July 14:

Continued Testimony of Oliver L. North, from July 13 129
  Committees' Discussion 129
  Description of Slide Show and Continued Testimony 144
Robert C. McFarlane 203
  Further Testimony 203
  Committees' Discussion 203
  Continued Testimony 205

PART III

JULY 7, 8, 9, 10, 13, AND 14, 1987

This volume contains the appendixes to Parts I and II of Volume 100-7.

APPENDIX A: EXHIBITS

EXHIBITS OF OLIVER L. NORTH

Page

OLN-1 Diversion Memorandum with Handwritten Change 1

Page
OLN-2 PROF Notes from North to Poindexter, Dated April 7, 1986 9
OLN-3 KL-43 Message from Secord, Dated April 21, 1986 10
OLN-4 PROF Notes from North to McFarlane, Dated April 20, 1986 11
OLN-5 PROF Notes from North, Dated April 21, 1986 12
OLN-6 KL-43 Message from Secord, Dated May 13, 1986 13
OLN-7 KL-43 Message from Secord, Dated May 13, 1986 14
OLN-8 Memorandum from North, Re: NSPG Meeting, Dated May 16, 1986 ... 15
OLN-9 Minutes of NSPG Meeting Held May 16, 1986 22
OLN-10 PROF Notes from North to Poindexter, Dated May 16, 1986 29
OLN-11 PROF Notes from Poindexter, Dated May 1, 1986 32
OLN-12 Record of White House Meeting on May 12, 1986 Attended by the President, North, Poindexter, Donald Regan, and Vernon Walters 33
OLN-13 North Notebook Excerpt, Dated October 9, 1986 34
OLN-14 Handwritten Notes of Attorney General Meese's Interview of North, Dated November 23, 1986 35
OLN-15 Transcript of the Reagan/Meese Press Conference on November 26, 1986 63
OLN-16 White House Record of Phone Conversation Between President Reagan and North, Dated December 4, 1986 82
OLN-17 Hakim Bank Records 83
OLN-18 Iran Chronology (Maximum Version), Dated November 17, 1986 2000 93
OLN-19 Iran Chronology (Maximum Version), Dated November 18, 1986 1300 105
OLN-20 Iran Chronology (Maximum Version), Dated November 18, 1986 1930 112
OLN-21 PROF Notes from North, Dated November 18, 1986 126
OLN-22 PROF Notes from McFarlane (Draft Inserts), Dated November 18, 1986 127
OLN-23 Iran Chronology (Historical Chronology) with Handwritten Notes, Dated November 20, 1986 2000 130
OLN-24 Iran Chronology (Historical Chronology), Dated November 20, 1986 2000 145
OLN-25 Chronology Insert, North's Handwriting 162
OLN-26 The Presidential Finding and Chronology 164
OLN-27 Memorandum, Re: Background and Chronology of Special Project 174
OLN-28 Testimony of William Casey, Dated November 21, 1986 178
OLN-29 Testimony of William Casey for HPSCI and SSCI, Dated November 21, 1986 190
OLN-30 Testimony of William Casey for HPSCI and SSCI, Dated November 21, 1986 201
OLN-31 Memorandum, Re: CIA Airline Involvement 212
OLN-31A Memorandum, Re: CIA Airline Involvement 213
OLN-32 PROF Notes from McFarlane, Dated November 21, 1986 214
OLN-33 North Calendar Excerpts 215
OLN-34 Notes of Attorney General Meeting with North, Dated November 23, 1986 217
OLN-35 North Notebook Excerpt 245
OLN-36 North Notebook Excerpt 246
OLN-37 North Notebook Excerpt 249
OLN-38 North Notebook Excerpt 250
OLN-39 North Notebook Excerpt 251
OLN-40 North Notebook Excerpt 252
OLN-41 Handwritten Notes of Charles Hill, Dated November 18, 1985 255
OLN-42 Letter to Secord Over McFarlane's Signature, Dated November 19, 1985 256
OLN-43 PROF Notes from North to Poindexter, Dated November 20, 1985 257
OLN-44 Point Paper, Re: HAWK Missiles for Iran 259
OLN-45 PROF Note from North, Dated November 22, 1985 261
OLN-46 North White House Passes, Dated November 23, 1985 and November 24, 1985 264
OLN-47 Presidential Finding with Cover Note from Casey, Dated November 26, 1985 266
OLN-48 PROF Notes from North to Poindexter, Dated December 5, 1985 268
OLN-49 Memorandum, Re: Special Project, Re: Iran, Dated December 5, 1985 273
OLN-50 Memorandum, Re: Prospects for Immediate Shipment of I-HAWK and I-TOW Missiles 277

Page
OLN-51 Memorandum, Re: "Next Steps" with Cover Note from North to McFarlane and Poindexter 278
OLN-52 Memorandum from North to Poindexter, Re: Covert Action Finding on Iran, Dated January 4, 1986 282
OLN-53 Memorandum, Re: Third Country Transfer of Equipment Provided Under the Foreign Assistance or Arms Export Control Acts, Dated January 6, 1986 289
OLN-54 CIA Working Paper, Re: Proposed Iran Finding 293
OLN-55 CIA Memorandum, Dated January 13, 1986 295
OLN-56 CIA Memorandum, Re: Telephone Call from General Counsel Regarding Authority to Provide Weapons to Third Parties Pursuant to Presidential Finding, Dated January 15, 1986 296
OLN-57 PROF Notes from North to Poindexter, Dated January 15, 1986 299
OLN-58 CIA Memorandum, Re: Talking Points, Dated January 15, 1986 304
OLN-59 PROF Notes from North, Dated January 16, 1986 306
OLN-60 Memorandum for the President from Poindexter, Re: Covert Action Finding Regarding Iran, Dated January 17, 1986 307
OLN-61 CIA Cable, Dated November 22, 1985 311
OLN-62 CIA Cable, Dated November 23, 1985 312
OLN-63 CIA Cable, Dated November 25, 1985 313
OLN-64 CIA Cable, Dated November 27, 1985 314
OLN-65 CIA Cable, Dated November 27, 1985 315
OLN-66 CIA Cable, Dated November 27, 1985 316
OLN-67 CIA Cable, Dated November 27, 1985 317
OLN-68 CIA Cable, Dated December 1985 318
OLN-69 CIA Cable, Dated December 11, 1985 319
OLN-69A North Notebook Excerpts, Dated September 1985 to January 1986. 320
OLN-70 PROF Notes from North to Poindexter, Dated June 10, 1986 421
OLN-71 Memorandum from North to McFarlane, Re: Assistance for the Nicaraguan Resistance, Dated December 4, 1984 422
OLN-72 Memorandum from North to McFarlane, Re: Cable to President Suazo of Honduras, Dated February 6, 1985 427
OLN-73 North Notebook Excerpt, Dated June 29, 1985 443
OLN-74 North Notebook Excerpt, Dated July 30, 1985 444
OLN-75 North Notebook Excerpt, Dated September 16, 1985 445
OLN-76 North Notebook Excerpt, Dated September 26, 1985 446
OLN-77 North Notebook Excerpt, Dated January 10, 1985 447
OLN-78 North Notebook Excerpt, Dated August 8, 1985 451
OLN-79 North Notebook Excerpt, Dated September 24, 1985 452
OLN-80 North Notebook Excerpt, Dated April 4, 1985 453
OLN-81 PROF Notes from Poindexter to North, Dated June 10, 1986 455
OLN-82 North Notebook Excerpt, Dated December 17, 1984 457
OLN-83 KL-43 Message from Secord, Dated March 3, 1986 458
OLN-84 KL-43 Message from Secord, Dated March 6, 1986 459
OLN-85 PROF Notes from North to McFarlane, Dated March 1986 460
OLN-86 North Notebook Excerpt 462
OLN-87 PROF Notes from North, Dated November 20, 1985 463
OLN-88 KL-43 Message from "Goode" 464
OLN-89 KL-43 Message, Dated June 16, 1986 465
OLN-90 KL-43 messages, Dated June 16 and 17, 1986 466
OLN-91 Memorandum from North to McFarlane, Re: Cruz Control, Dated February 27, 1985 468
OLN-92 Memorandum from North to McFarlane, Re: Meeting with Artoru Cruz, Dated March 15, 1985 469
OLN-93 North Notebook Excerpt, Dated July 18, 1985 473
OLN-94 North Notebook Excerpt, Dated August 25, 1986 474
OLN-95 North Notebook Excerpt, Dated October 20, 1986 475
OLN-96 North Notebook Excerpt, Dated October 21, 1986 476
OLN-97 North Notebook Excerpt, Dated June 17, 1986 477
OLN-98 North Notebook Excerpt, Dated August 6, 1985 478
OLN-99 Handwritten Notes of Col. Sam Watson, October 5, 1986 479
OLN-100 KL-43 Message from Secord, Dated August 13, 1986 480
OLN-101 KL-43 Message from Dutton, Dated August 22, 1986 481
OLN-102 North Notebook Excerpt, Dated February 19, 1985 482
OLN-103 Memorandum from Dennis Thomas to McFarlane, Dated February 22, 1985 483
OLN-104 Memorandum from Max Friedersdort to McFarlane, Dated February 28, 1985 484

Page
OLN-105 Memorandum from North to McFarlane, Dated March 8, 1985 485
OLN-106 Memorandum from Steven Berry to Representative Henry J. Hyde, Dated August 8, 1985 487
OLN-107 Letter from Representative Michael Barnes to McFarlane, Dated August 26, 1986 493
OLN-108 PROF Notes from North to Poindexter, Dated August 20, 1985 495
OLN-109 Letter from McFarlane to Representative Michael Barnes, Dated September 12, 1985 496
OLN-110 Letter from Representative Michael Barnes to McFarlane, Dated September 30, 1985 499
OLN-111 Letter from Representative Michael Barnes to McFarlane, Dated October 29, 1985 501
OLN-112 Handwritten NSC System IV Numbers 504
OLN-113 Handwritten NSC System IV Numbers 505
OLN-114 Letter from Representative Lee Hamilton to McFarlane, Dated August 20, 1985 506
OLN-115 PROF Notes from McFarlane to North, Dated September 3, 1985.... 507
OLN-116 PROF Notes from McFarlane to North, Dated September 3, 1985, with Draft of Letter to Representative Lee Hamilton 509
OLN-117 Draft letter from McFarlane to Representative Lee Hamilton 511
OLN-118 Letter from McFarlane to Representative Lee Hamilton, Dated September 5, 1985 516
OLN-119 Letter from Representative Lee Hamilton to McFarlane, Dated September 12, 1985 520
OLN-120 Memorandum from North to McFarlane, Re: Letter from Representative Lee Hamilton, Dated October 3, 1985 528
OLN-121 Letter from McFarlane to Representative Lee Hamilton, Dated October 7, 1985 537
OLN-122 H. Res. 485 (the Resolution of Inquiry) 546
OLN-123 Letter from Representative Dante B. Fascell to President Reagan, Dated June 25, 1986 549
OLN-124 Letter from Representative Lee Hamilton to President Reagan, Dated July 1, 1986 550
OLN-125 Letter from Poindexter to Representative Lee Hamilton, Dated July 21, 1986 551
OLN-126 Latimer Notes of HPSCI Meeting with North, Dated August 6, 1986 552
OLN-127 Berry Notes of HPSCI Meeting with North, Dated September 3, 1986 553
OLN-128 PROF Notes from Poindexter and Pearson, Dated August 6, 1986... 555
OLN-129 Sable Memorandum For The Record, Re: HPSCI Meeting, Dated August 9, 1986 556
OLN-130 FBI report, Dated July 25, 1986 557
OLN-131 PROF Notes from North to Poindexter, Dated September 25, 1986.. 560
OLN-132 Memorandum from North to Poindexter, Dated September 30, 1986, Re: Press Guidance 561
OLN-133 PROF Notes from Cannistraro, Dated October 8, 1986 570
OLN-134 Washington Post Articles, Dated October 8, 1986 571
OLN-135 Evans & Novak Transcript, Dated October 11, 1986 574
OLN-136 PROF Notes from North to McFarlane, Dated October 12, 1986 588
OLN-137 North Notebook Excerpt, Dated October 13, 1986 589
OLN-138 PROF Notes from Robert Earl, Dated October 20, 1986 590
OLN-139 PROF Notes from Sable, Dated October 28, 1986 591
OLN-140 Handwritten System IV Numbers 592
OLN-141 Handwritten System IV Numbers 593
OLN-142 Handwritten System IV Numbers 594
OLN-143 Memorandum from North to McFarlane, Re: Nicaraguan Arms Shipments, Dated February 6, 1985 595
OLN-144 Altered Memorandum from North to McFarlane, Re: Nicaraguan Arms Shipments, Dated February 6, 1985 600
OLN-145 Memorandum from North to McFarlane, Re: [Redacted] Aid to the Nicaraguan Resistance 603
OLN-146 Altered Memorandum from North to McFarlane, Re: [Redacted] Aid to the Nicaraguan Resistance 621
OLN-147 Memorandum from North to McFarlane, Re: Fallback Plan for the Nicaraguan Resistance, Dated March 16, 1985 637
OLN-148 Altered Memorandum from North to McFarlane, Re: Fallback Plan, for the Nicaraguan Resistance, Dated March 16, 1985 642

Page
OLN-149 Memorandum from North to McFarlane, Re: FDN Military Operations, Dated April 11, 1985 649
OLN-150 Altered Memorandum from North to McFarlane, Re: FDN Military Operations, Dated April 11, 1985 656
OLN-151 Altered Memorandum from North to McFarlane, Re: FDN Military Operations, Dated May 1, 1985 660
OLN-152 Memorandum from North to McFarlane, Re: The Nicaraguan Resistance: Near-Term Outlook, Dated May 31, 1985 668
OLN-153 Altered Memorandum from North to McFarlane, Re: The Nicaraguan Resistance: Near-Term Outlook, Dated May 31, 1985 676
OLN-154 Secret Service Security Report, Dated November 19, 1986 685
OLN-155 Secret Service Security Report, Dated November 24, 1986 686
OLN-156 North Notebook Excerpt, Dated May 1, 1985 690
OLN-157 North Notebook Excerpt, Dated June 2, 1986 691
OLN-158 PROF Notes from North, Dated July 25, 1986 692
OLN-159 PROF Notes from Poindexter to North, Dated September 13, 1986 .. 693
OLN-160 PROF Notes from Poindexter to North, Dated September 13, 1986 .. 694
OLN-161 PROFs Notes to and from North and Poindexter, Dated September 13 and September 17, 1986 695
OLN-162 PROF Notes from North to Poindexter, Dated September 15, 1986 .. 696
OLN-163 PROF Notes from Poindexter to North, Dated September 15, 1986 .. 697
OLN-164 PROFs Notes to and from North and Poindexter, Dated September 17, 1986 698
OLN-165 B. Button Financial Records 699
OLN-166 Funds on Deposit with CSF Investments as of May 27, 1987 702
OLN-167 Handwritten Notes with Reference to "Mrs. Bellybutton" 703
OLN-168 CSF Invoice, Re: Button 704
OLN-169 Memorandum, Re: To the Holders of Account A.H. Sub-Account 1 .. 705
OLN-170 Letter from Glenn Robinette to North, Dated July 2, 1986 707
OLN-171 Invoice from Robinette, Dated July 2, 1986 708
OLN-172 Letter from North to Robinette, Dated May 18, 1986 709
OLN-173 Letter from North to Robinette, Dated October 1, 1986 710
OLN-174 Hakim Chronological Ledger 711
OLN-175 North Notebook Excerpts, Dated August 30, 1984 721
OLN-176 North Notebook Excerpt, Dated December 27, 1984 725
OLN-177 Memorandum from North and Constantine Menges to McFarlane, Re: Special Activities in Nicaragua, Dated March 2, 1984 726
OLN-178 Memorandum from North to McFarlane, Re: FDN Manual on Psychological Warfare 728
OLN-179 PROF Notes from McFarlane to North, Dated March 10, 1986 740
OLN-180 North Notebook Excerpt, Dated January 7, 1986 742
OLN-181 PROF Notes from North to Poindexter, Dated August 23, 1986 743
OLN-182 PROF Notes from Poindexter to North, Dated August 23, 1986 746
OLN-183 PROF Notes from North to Poindexter, Dated September 20, 1986 .. 747
OLN-184 PROF Notes from North to Poindexter, Dated September 26, 1986 .. 748
OLN-185 PROF Notes from North to Poindexter, Dated September 26, 1986 .. 749
OLN-186 PROF Notes from North to Poindexter, Re: Press Revelations Regarding North's Role with the Nicaraguan Resistance, Dated June 3, 1985 750
OLN-187 PROF Notes from North, Dated November 9, 1985 752
OLN-188 PROF Notes from North, Dated January 16, 1986 753
OLN-189 Memorandum for the Record, Re: Meeting with DDO, Dated May 9, 1986 755
OLN-190 Memorandum from Cannistraro to Poindexter, Re: Agenda for Your Weekly Meeting with the DCI, Dated May 14, 1986 758
OLN-191 PROF Notes from Poindexter to North, Dated May 16, 1986 761
OLN-192 PROF Notes from Poindexter, Dated May 19, 1986 763
OLN-193 PROF Notes from Poindexter, Dated May 19, 1986 764
OLN-194 PROF Notes from North, Dated May 20, 1986 765
OLN-195 PROF Notes to and from North and Poindexter, Dated May 20 and 21, 1986 767
OLN-196 PROF Notes from Poindexter, Dated June 10, 1986 768
OLN-197 PROF Notes from North, Dated June 10, 1986 769
OLN-198 PROF Notes from North, Dated July 15, 1986 770
OLN-199 PROF Notes from North, Dated September 2, 1986 771
OLN-200 PROF Notes from Poindexter to North, Dated September 2, 1986 772
OLN-201 Memorandum of Conversation at Meeting with North, Secord, "Sam O'Neill," and the Second Channel, Dated September 19, 1986 773

Page
OLN-202 Memorandum, Re: Rundown of Visitor's Comments on 19/20 Sept. 86 791
OLN-203 PROF Notes from North, Dated September 25, 1986 798
OLN-204 PROF Notes from North, Dated September 25, 1986 800
OLN-205 Memorandum for the Record, Re: Investigation of Southern Air Transport, Dated November 14, 1986 802
OLN-206 PROF Notes from North, Dated November 14, 1986 803
OLN-207 Remarks of Secretary Shultz, Dated October 1, 1986 804
OLN-208 Remarks of Asst. Sec. Richard Murphy, Dated October 17, 1986 808
OLN-209 Transcript of the President's News Conference, Dated June 18, 1985 824
OLN-210 Continuation of Iran Emergency by President Reagan, Dated November 10, 1986 826
OLN-211 President Reagan's Remarks, Dated March 26, 1987 827
OLN-212 Defense Intelligence Agency Estimate, "Nicaragua—The Military Buildup, July 1979 to 11 January 1985." 829
OLN-213 "Document on National Dialogue of the Nicaraguan Resistance," Read March 2, 1985, Unofficial Translation (Commonly Referred to as the "San Jose Declaration.") 830
OLN-214 Response to *Washington Post* Editorial by Carlos Tunnerman Bernheim, Ambassador of Nicaragua, Dated March 30, 1985 836
OLN-215 Herald Story, Re: North/LPD, Dated July 5, 1987 837
OLN-216 Raymond/Poindexter Memorandum, Re: Casey. Memorandum Approved by North, August 7, 1986; NSC June 16 Approval of Public Diplomacy Plan 840
OLN-217 North to McFarlane Memorandum, Re: Public Diplomacy/Lobbying Campaign, Dated March 20, 1985 856
OLN-218 Sign-in Sheet at NSC Meeting with Inter-Agency Representatives and Private Representatives 872
OLN-219 Walt Raymond Report to Bill Clark, Dated May 20, 1983 873
OLN-220 Raymond Memorandum to Poindexter, Re: Public Diplomacy and Private Sector Program, Dated August 29, 1983 874
OLN-221 North Notes, Re: Frank Gomez Arrangement, Dated September 4, 1984 877
OLN-222 Text of State Department Memorandum Urging Accelerated Payment to IBC, Dated May 11, 1985 878
OLN-223 State Department/LPD/IBC Contracts and Related Documents, Dated October 1, 1984–November 17, 1986 879
OLN-224 Bank Account Reference Found in IBC's File in North's Handwriting 907
OLN-225 North Letter to Spitz Channell, Dated August 15, 1985 908
OLN-226 Fred Fielding Memorandum Warning of Dangers of White House/Private Relationships, Dated January 21, 1986 909
OLN-227 North Letters to Channell Contributors, Dated January 24, 1986 910
OLN-228 North to Poindexter Memorandum, Re: Channell Group, Dated January 28, 1986 940
OLN-229 Documents Showing Targeting of TV Ads, Dated June 16, 1986 941
OLN-230 Mailgram to North from Channell, Re: Barnes Campaign, Dated September 9, 1986 953
OLN-231 North Notes, Re: Godson/Slease Meeting, Dated July 8, 1985 954
OLN-232 Donahue Contribution to Heritage Foundation, Dated September 5, 1985 955
OLN-233 Rich Miller Proposal to Heritage Foundation, Dated September 12, 1985 957
OLN-234 North Note, Re: Roy Godson, Dated September 17, 1985 959
OLN-235 North Memorandum to McFarlane, Re: Thank You Letter to Donahue for Godson, Dated October 9, 1985 960
OLN-236 Fuelner Letter to Rich Miller, Re: $100,000.00 Check to INSI, Dated October 15, 1985 963
OLN-237 Fuelner Letter to Donahue, Dated October 18, 1985 964
OLN-238 North Note of October 24 Indicating $100,000 from Fuelner for INSI 965
OLN-239 North Calendar of November 4, 1985 Showing Train Trip to Philadelphia to Meet John Hurdle 966
OLN-240 Gomez Letter to Fuelner, Re: Tax Status, Dated May 12, 1986 967
OLN-241 Rich Miller Memorandum, Re: Heritage Foundation grant, Dated December 1, 1986 968

Page
OLN-242 Bank Account Documents Showing Heritage Grant Through INSI to Cayman Islands, with Some Portion to Lake Resources, Dated October/November 1985 969
OLN-243 Excerpts from Robert Earl Deposition, Dated May 2, 1987 972
OLN-244 through OLN-250 (Not available at time of publication).
OLN-251 Midshipmen's Regulations of 1964 981
OLN-252 Letter from Rob Owen to Oliver North, Dated July 2, 1984 989
OLN-253 991
OLN-254 Memorandum from Oliver North to R. McFarlane, Re: FDN Air Attack, Dated September 2, 1984 994
OLN-255 Memorandum from Oliver North to R. McFarlane, Re: Clarifying Who Said What to Whom, Dated November 7, 1984 996
OLN-256 Memorandum from Oliver North to R. McFarlane, Re: Confusion in the Nicaraguan Resistance, Dated December 4, 1984 999
OLN-257 PROF Notes from D. Fortier to R. McFarlane, Dated January 22, 1985 1006
OLN-258 Letter to "My Friend" from Steelhammer, Dated February 1985 1007
OLN-259 Memorandum from Oliver North to VADM A. Moreau, Jr., Re: Info for the Chairman, JSC, Dated March 1, 1985 1010
OLN-260 Memorandum from Oliver North to R. McFarlane, Re: Using the March 1 San Jose Declaration to Support the Vote on the Funding for the Nicarguan Resistance, Dated April 1, 1985 1012
OLN-261 Memorandum from Oliver North to R. McFarlane, Re: FDN Military Operations, Dated May 1, 1985 1030
OLN-262 Memorandum from Oliver North to R. McFarlane, Re: AMCIT Hostages, Dated May 24, 1985 1038
OLN-263 Memorandum from Oliver North to R. McFarlane, Re: Status of Hostage Recovery Efforts, Dated June 7, 1985 1045
OLN-264 FBI Cable, Re: Fake Saudi Prince, Dated July 18, 1985 1052
OLN-265 FBI Cable, Re: Fake Saudi Prince, Dated July 30, 1985 1057
OLN-266 PROF Notes from Oliver North to J. Poindexter, Dated November 22, 1985 1059
OLN-267 1060
OLN-268 Finding, Dated January 3, 1986 (Sporkin Draft) 1067
OLN-268A Finding, Dated January 3, 1986 1068
OLN-268B Finding, Dated January 6, 1986 (w/no Handwritten Changes) 1069
OLN-268C Finding, Dated January 6, 1986 (w/Handwritten Changes) 1070
OLN-268D Finding, Dated January 17, 1986 1071
OLN-269 PROF Notes from Oliver North to J. Poindexter, Dated January 16, 1986 1072
OLN-270 Memorandum from Oliver North to J. Poindexter, Re: Notional Timeline, Dated January 24, 1986 1074
OLN-271 Memorandum from Oliver North to J. Poindexter, Re: Encrypted Message, Dated February 18, 1986 1081
OLN-272 PROF Notes from Oliver North to R. McFarlane, Dated February 27, 1986 1083
OLN-273 Memorandum from Rob Owen to Oliver North, Dated February 27, 1986 1088
OLN-274 1090
OLN-275 PROF Notes from R. McFarlane to Oliver North, Dated April 4, 1986 1092
OLN-276 PROF Notes from J. Poindexter to Oliver North, Dated April 16, 1986 1093
OLN-277 PROF Notes from Oliver North to D. Fortier, Dated April 21, 1986. 1094
OLN-278 PROF Notes from J. Poindexter to R. McFarlane, Re: Update, Dated April 21, 1986 1096
OLN-279 1098
OLN-280 KL-43 from North, Re: Blowpipes and Ship, Dated April 28, 1986 ... 1100
OLN-281 KL-43, Re: blowpipes, Dated April 23, 1986 1101
OLN-282 KL-43, Re: blowpipes, Dated April 1986 1102
OLN-283 Diversion Memorandum (w/handwritten Note from J. Poindexter). 1103
OLN-283A Diversion Memorandum 1112
OLN-283B Diversion Memorandum 1117
OLN-283C Diversion Memorandum 1125
OLN-283D Diversion Memorandum 1133
OLN-284 JMP PROF Notes, Re: Contra Project, Dated May 2, 1986 1141
OLN-285 OLN PROF Notes, Re: Contra Project, Dated May 6, 1986 1143

Page

OLN-286 OLN PROF Notes, Re: Contra Project/Congress, Dated May 6, 1986 1145
OLN-287 PROFs, Re: Spanish Military Advisers, Dated May 8, 1986 1147
OLN-288 JMP PROF Notes, Re: Private Blank Check, Dated May 6, 1986 1150
OLN-289 George Cave Memoranda of Ghorbanifar Meeting 1151
OLN-290 OLN PROF Notes, Re: Iran and Terrorism, Dated May 19, 1986 1154
OLN-291 Dutton Memorandum to Secord, Re: How to Present the Reorganization to ACE, Dated June 4, 1986 1155
OLN-292 OLN Memorandum to JMP, Re: Hostage Rescue Effort, Dated June 10, 1986 1158
OLN-293 Plan to Reorganize Resupply Effort 1161
OLN-294 Re: Status of UNO South Force, Dated July 2, 1986 1178
OLN-295 OLN PROF Notes, Re: Emotion, Dated July 11, 1986 1179
OLN-296 OLN Memorandum to JMP, Re: Next Steps on the American Hostages, Dated July 29, 1986 1181
OLN-297 1185
OLN-298 JMP PROF Notes, Re: Iran, Dated August 23, 1986 1200
OLN-299 OLN PROF Notes, Re: Anything Going On?, Dated September 3, 1986 1203
OLN-300 OLN Memorandum to JMP, Re: Next Steps with Iran, Dated September 2, 1986 1205
OLN-301 OLN PROF Notes, Re: Iran Project Democracy, Dated September 6, 1986 1208
OLN-302 OLN Memorandum to JMP, Re: Next Steps with Iran, Dated September 8, 1986 1209
OLN-303 1213
OLN-304 OLN PROF Notes, Re: Iran/Shultz, Dated September 17, 1986 1216
OLN-305 OLN Memorandum to JMP, Re: Transportation Support, Dated September 17, 1986 1217
OLN-306 OLN Memorandum to JMP, Re: Iran, Dated September 24, 1986 1221
OLN-307 JMP PROF Notes, Re: Public Affairs Campaign on Central America, Dated September 25, 1986 1231
OLN-308 Seven Point Plan (Undated) 1233
OLN-309 Seven Point Negotiating List 1235
OLN-310 Nine Point Plan, Dated October 8, 1986 1237
OLN-311 OLN Memorandum to JMP, Re: Next Steps with Iran, Dated October 2, 1986 1241
OLN-312 OLN PROF Notes, Re: Iran, Dated October 10, 1986 1254
OLN-313 1256
OLN-314 Memorandum from Charles Allen to DCI and DDCI, Re: Ghorbanifar Channel, Dated October 17, 1986 1264
OLN-315 Memorandum from Charles Allen to JMP, Re: Furmark's Comments on the Hostages, Dated October 24, 1986 1267
OLN-316 Frankfurt Tapes, Dated October 29-30, 1986 1270
OLN-317 CIA Airline Involvement, Dated November 1986 1292
OLN-318 Letter, Re: Neutrality Act, Dated November 7, 1986 1293
OLN-319 Presidential Address to the Nation, Dated November 13, 1986 1297
OLN-320 President's News Conference, Dated November 19, 1986 1301
OLN-321 Handwritten Notes, Re: OLN Interview, Dated November 23, 1986 . 1311
OLN-322 OLN Memorandum to RCM, Re: Confusion in the Nicaraguan Resistance, Dated December 4, 1986 1314
OLN-323 1321
OLN-324 Letter from Brendan Sullivan to Cmdr. Thompson, Dated December 2, 1986 1323
OLN-325 David Oakley Affidavit, Dated June 2, 1986 1324
OLN-326 Singlaub Three-Way Trade Plan 1327
OLN-327 Swiss Account Numbers 1331
OLN-328 North Charts 1333
OLN-329 Statute List 1336
OLN-330 Testimony of Oliver North—Reed case 1339
OLN-331 "The Ollie We Knew"—*The Washingtonian* 1344
OLN-332 Letter from Oliver North to Felix Rodriguez, Dated September 20, 1985 1362
OLN-333 North's Resignation PROF Note, Dated November 24, 1986 1366
OLN-333A 1367
OLN-333B 1374
OLN-333C 1375

Page

APPENDIX B: OTHER DOCUMENTS AND MATERIALS INTRODUCED AT THE HEARINGS

Seven State Department Cables Dealing with Radio Vensuranos 1392
Study: United States and Soviet Special Operations, Dated April 28, 1987 1403
Fifty-seven Slides with Commentary 1581
Letter from Arthur Liman, John Nields, and George Van Cleve to Brendan V. Sullivan 1621
Electronic Media Reporting on the *Achille Lauro* Incident 1624
HEADLINE: "U.S. Jets Intercept Hijackers' Plane; F-14s Force Egyptian Aircraft to Land at Italian Base" 1626
Letter from Senator Patrick Leahy to Senator Daniel K. Inouye, Dated July 9, 1987 1630
Letter from Senator Daniel K. Inouye to Senator Patrick Leahy, Dated July 10, 1987 1631
Letter from Senator Patrick Leahy to Senator Howell Heflin, Dated August 3, 1987 1632
Letter from Senator Patrick Leahy to Senator Daniel K. Inouye, Dated August 4, 1987 1633
Letter from Senator Warren B. Rudman to Senator Patrick Leahy, Dated August 4, 1987 1634

APPENDIX C: PREPARED STATEMENT

Oliver L. North 1636

JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

Testimony of Oliver L. North (Questioning by Counsels)

TUESDAY, JULY 7, 1987

SENATE SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
AND
HOUSE SELECT COMMITTEE TO INVESTIGATE
COVERT ARMS TRANSACTIONS WITH IRAN,
Washington, DC.

The Select Committees met, pursuant to call, at 9:00 a.m., in room 325, Russell Senate Office Building, Hon. Daniel K. Inouye (chairman of the Senate Select Committee) and Hon. Lee H. Hamilton (chairman of the House Select Committee) presiding.

Chairman INOUYE. The hearing will please come to order.

Mr. MCCOLLUM. Mr. Chairman, I have a parliamentary inquiry. I would like to direct it to Chairman Hamilton because it pertains to the House Select Committee.

We at this time are engaged in a long process we have been involved with for some many weeks now. A number of the standing committees of the House, it has come to my attention, are in the process of beginning their own investigations in matters which overlap with jurisdiction of this committee.

One of them is a subcommittee which I serve on, which may issue subpoenas relative to this matter as early as this afternoon.

I am very concerned about it and I would like to ask Chairman Hamilton a parliamentary inquiry relative to that, if I could.

Does the resolution of the House establishing this Select Committee, H. Res. 12, require the Select Committee to provide specific authorization to a standing committee of the House, or the subcommittees, thereof, before such standing committee may conduct an inquiry regarding a matter within the jurisdiction of the Select Committee, such jurisdiction being set forth in Section 1 of H. Res. 12?

Chairman HAMILTON. I believe the answer to the gentleman's question is no.

As you know, you are touching upon a matter which is not entirely within the control of the Select Committee. The leadership of the House obviously has some input in response to your question. But it is my understanding that as I understand your question, and

I did not have an opportunity to consult with the gentleman before we began—but as I understood the question, the answer would be no.

Mr. McCollum. Mr. Chairman. May I respond just a moment to clarify this completely?

The language of H. Res. 12—it bothers me—seems very clear on the subject. It says, "The Select Committee may submit to standing committees through a majority vote of the Select Committee specific matters within their jurisdiction."

That is in Section 9 of the resolution and further, it says, "The records of the Select Committee may be provided to the standing committees pursuant to such request into inquiries."

In fact, H. Res. 12 states that: "All Members may have access to the Select Committee records unless a Select Committee, through majority vote, directs that particular information shall not be made available, which is Section 10."

It seems to me, at least as one member, that it is quite obvious that the Select Committee may not allow such things to occur unless we take a vote—if it is within our jurisdiction.

Right now, with the issuance, potentially of subpoenas going in areas where we are investigating, it would seem to me to require a vote of this committee, and I just realize I hadn't had a chance to bring it up because of the holiday weekend with the chairman.

But I would really request that the chairman take this under advisement if there is any doubt at all, because I think it is a very grave matter if we are going to start pruning matters off from this committee's jurisdiction.

Chairman Hamilton. I can appreciate the concern of the gentleman. I will be glad to work with him and consult with him as we move through the process.

I think we should proceed with the morning's hearing at this point.

Mr. McCollum. Thank you, Mr. Chairman.

Chairman Inouye. Before proceeding with the hearing, the chair wishes to make the following announcement: Pursuant to the rules of the House and Senate Select Committees, and unless otherwise overruled by either one of the committees, the member of the panel presiding has and will continue to preside, act, and make rulings in behalf of both committees.

Colonel North, please rise.

[Witness sworn.]

TESTIMONY OF LT. COL. OLIVER L. NORTH

Chairman Inouye. Please be seated.

Last evening, at 9:30, the committee received a letter from the counsel to Lt. Col. Oliver L. North, and I wish to read this letter. It is addressed to the chair and to Mr. Liman.

"Dear Chairman Inouye: Lt. Col. North would like to give an opening statement in the event he testifies tomorrow morning. We request that Rule 5.3 be waived, and that as an immunized witness, he be permitted to make the statement. In view of the extraordinary vilification and the many comments by committee members regarding Lt. Col. North's conduct and his credibility, fairness warrants a waiver of the rule.

"We have not been able to review the massive quantities of documents which you provided to us under severe restrictions over the course of the last six days. Moreover, we were advised this afternoon that 7 hours of tape recordings were located today as a result of our persistent requests. We simply do not have the time to review that information and large quantities of other material prior to the scheduled start of testimony on July 7th, 1987, at 9:00 a.m.

"As you know, there are many documents and slides which we have requested but which have not been forthcoming. These factors have severely hampered Lt. Col. North's preparation for interrogation by numerous counsel and 26 members of the committee.

"We appreciate your cooperation.

"Respectfully yours, Brendan V. Sullivan, Jr."

I think the record should show that the July 7th hearing date was at the request of Colonel North and his counsel. I am certain the record will also show that we had suggested a later date at or about the middle of this month. But bowing to the wishes of the witness and his counsel, we did reluctantly agree to the July 7th opening. Therefore, I would hope that counsel will keep in mind that if he is having troubles, it is not because of our doing.

Secondly, as to the opening statement, I wish to read the pertinent parts of the rule. I am certain that counsel and witness have studied the hearing rules very carefully and I am certain they know what they stand for.

Five point three says the following: "Any witness desiring to make an introductory statement shall file 20 copies of the statement with the chairman or chief clerk 48 hours in advance of the appearance." The opening statement was filed with this committee 45 minutes ago.

"Unless the chairman determines that there is good cause for a witness's failure to do so, a witness may be required to summarize a prepared statement if it exceeds 10 minutes. Unless the committee determines otherwise, a witness who appears before the committee under a grant of immunity shall not be permitted to make a statement or testify except to respond directly to questions posed by committee members or committee staff."

We have been here sitting for several weeks and we will continue to do so to receive testimony and consider one thing above others: the rule of law. Here, once again, the witness is asking us to bend the law and to suggest that he may be above the law.

We will abide with his wishes; however, we will insist upon following the rule of law, and if the colonel wishes to make the opening statement, he may do so Thursday morning, which is 48 hours from this date.

Mr. Nields, please proceed.

Mr. SULLIVAN. Mr. Chairman?

Chairman INOUYE. Yes, sir.

STATEMENT OF BRENDAN V. SULLIVAN, JR., COUNSEL FOR COLONEL NORTH

Mr. SULLIVAN. Thank you, sir, for reading my letter that was delivered to you yesterday.

In fairness, I think that the committee should be aware of some very important facts. In order to prepare for Colonel North's testimony, we wrote a letter to this committee, to you and to counsel, on March 19, 1987, many months ago. At that time, Mr. Chairman, we specifically requested that the committee make records available to us in order for Colonel North to testify fully and accurately before this committee about his five years of service to the country. That letter specifically requested that we be provided with all of his documents.

Let me read the short letter, please, addressed to you, sir, and to Mr. Hamilton, in care of your counsel, and to Mr. Culvahouse at the White House.

"Gentlemen: In the event Lt. Col. North is called to testify about the subject matter under investigation by the Congress, it will be necessary for him to have prior access to the voluminous documentation and other materials which we believe are in your custody and control. A witness cannot be expected to accurately recall all of the facts related to years of intensive work as a government official without having access to those materials. We request that you provide us with all of the relevant materials well in advance to facilitate complete and accurate testimony."

That letter was delivered to the committee and we heard nothing for months.

The next significant event, Mr. Chairman, is that on June 30, 1987, just 7 days ago, we were provided with Colonel North's records under the most unusual of circumstances. They were delivered to us in five boxes. They were shuffled by date and subject matter so that one could not even begin to understand what those records said, much less read them all. And I say to you that this is the first time in my career I have ever had to appear with a client in circumstances in which I have not been able to read all the records.

On June 30, when those records were delivered, we were so stunned by the volume of them and the lateness of their arrival that we actually tried to humor ourselves a little bit by piling the documents end on end and taking a photograph of them so we could demonstrate how serious our problem was. The documents piled together exceed the height of Colonel North and cannot possibly be read, studied in a week.

Sir, I assure you, and I think you know, that we have worked very hard with you and with counsel to facilitate the important work of this committee, while giving proper deference to the rights of one citizen. I don't come up here to the Congress. My life is spent a few blocks away in the courthouse where we as defense lawyers focus on individual rights.

We are not asking that the law be bended. We are not suggesting that Colonel North is above the law. We are simply requesting that you understand the needs of this particular citizen. This is the most extraordinary proceeding I think, Mr. Chairman, in our 200 years.

As a defense lawyer, I have never been in a position where a client is forced to testify about all matters which are the subject of a pending indictment. We believe he has an absolute right not to testify under the fifth amendment.

The committee has worked hand in glove with the independent counsel in order to facilitate two things: One, so you can get your factual account; and, secondly, to defeat—to defeat—the benefits of the immunity statute.

Chairman **Inouye**. May I request that the counsel cut his statement a bit shorter?

Mr. **Sullivan**. Yes, sir.

Chairman **Inouye**. Under our rules, it is your responsibility to advise our witness, your client, not to advise the committee.

Mr. **Sullivan**. Yes, sir. I appreciate that, and I will conclude.

Let me just say that the thing that bothers counsel the most, and no doubt you all understand that my duty is to focus on the rights of Colonel North. The thing that bothers me the most is to have listened over the last many weeks when snippets of evidence have been introduced in the hearings, when false conclusions have been drawn, when members of this committee have said on national television that Colonel North is guilty, when members of this committee ridicule his assertion of his constitutional rights, when members of the committee suggest that when he appears, Mr. Chairman, he will not tell the truth. That is what some members have said.

And in the most astounding circumstance, even one member asks a witness whether—whether he would be believed if he took the stand——

Chairman **Inouye**. May I advise counsel the witness will have ample opportunity to speak his mind, sir.

Mr. **Sullivan**. Yes, sir. I understand. I just ask for reconsideration, Mr. Chairman. It is very important for the rights of this individual, that he——

Chairman **Inouye**. We will make certain, sir, that every right that the witness has under the Constitution of the United States will be reserved for him.

May I also comment on what you have just said, sir? In your March letter, you indicated that in the event your client should decide to become a witness, those are important words. We had no idea and the Nation had no idea whether Colonel North was going to testify before this committee; and, in fact, a week ago, it was your proposal that we exchange documents simultaneously, 5 days before this date, and we acceded to your wishes, sir. I am certain you recall that.

And, secondly, if I may remind you again, sir, this date, July 7, was at your recommendation. We strongly suggested to you that it would be in the best interests of your client and also in the best interests of the proceedings to begin the interrogation at a later date.

We also strongly suggested that it would be in the best interests of your client, and the best interests of these proceedings, if we had the opportunity to meet with your client for interrogation, deposition, and interviews before this public hearing.

But it was your suggestion that we should limit these executive meetings and we should begin on this date.

Therefore, Mr. Nields, please proceed.

Mr. **Sullivan**. Mr. Chairman, just one more thought, if I may, sir? The reference in the letter——

Chairman **Inouye**. Mr. Nields?

Mr. **Sullivan**. Mr. Chairman, could I make one more objection to the proceeding, just for the record, please?

Chairman **Inouye**. Please state it.

Mr. **Sullivan**. It is my request that the committee withdraw the subpoenas to Colonel North in view of the fact that we believe that the immunity statute as applied in this circumstance is unconstitutional in view of the many statements made by various members of the committee already indicating that Colonel North is guilty of some crime.

We believe that his rights are adversely affected and we request that you put congressional prerogatives secondary to the rights of this particular citizen.

Thank you, sir.

Chairman **Inouye**. Your objection has been noted and overruled. Mr. Nields.

Mr. **Sullivan**. Could I ask one more question, please, sir, and I will be brief. I apologize. Just one more.

Since the committee refuses to permit Colonel North to give an opening statement——

Chairman **Inouye**. We have not refused. He may do so Thursday morning.

Mr. **Sullivan**. I understand. Would it be——

Chairman **Inouye**. Pursuant to our rules, he may do so Thursday morning.

Mr. **Sullivan**. Would you consider, sir, permitting him to give his opening statement during the lunch break today, utilizing this room after the committee adjourns?

Chairman **Inouye**. You may not, sir.

Mr. Nields?

Mr. **Nields**. Colonel North, were you involved in the use of the proceeds of sales of weapons to Iran for the purpose of assisting the Contras in Nicaragua?

Mr. **North**. Counsel, on advice of counsel, I respectfully decline to answer the question, based on my constitutional fifth amendment rights.

Chairman **Inouye**. Colonel North, you are appearing here today pursuant to subpoenas issued on behalf of the Senate and House Select Committees. I hereby communicate to you orders issued by the U.S. District Court for the District of Columbia at the request of the committees, providing that you may not refuse to provide any evidence to these committees on the basis of your privilege against self-incrimination, and providing further that no evidence or other information obtained under the oath or any information directly or indirectly derived from such evidence may be used against you in any criminal proceeding.

I therefore, pursuant to such orders, direct you to answer the questions put to you.

Chairman **Hamilton**. Colonel North, I communicate a similar order obtained by the House Select Committee which is also at the witness table, and I, too, direct you to answer the questions put to you.

Mr. **Sullivan**. We understand that Colonel North is here pursuant to compulsion of subpoenas issued by both the House and the Senate; is that correct, sir?

Chairman **Inouye**. You are correct, sir.

Mr. Nields, proceed.

Mr. **Nields**. Colonel North, you were involved in two operations of this government of great significance to the people of this country; is that correct?

Mr. **North**. At least two, yes, sir.

Mr. **Nields**. One of them involved the support of the Contras during the time the Boland Amendment was in effect and another one involved the sale of arms to Iran; is that correct?

Mr. **North**. Yes. And it also involved support for the Democratic outcome in Nicaragua, both before and after the Boland Amendment was in effect.

Mr. **Nields**. And these operations were carried out in secret?

Mr. **North**. We hope so.

Mr. **Nields**. They were covert operations?

Mr. **North**. Yes, they were.

Mr. **Nields**. And covert operations are designed to be secrets from our enemies?

Mr. **North**. That is correct.

Mr. **Nields**. But these operations were designed to be secrets from the American people?

Mr. **North**. Mr. Nields, I am at a loss as to how we can announce it to the American people and not have the Soviets know about it. I am not trying to be flippant, but I just don't see how you can possibly do it.

Mr. **Nields**. Well in fact, Colonel North, you believe that the Soviets were aware of our sale of arms to Iran, weren't you?

Mr. **North**. We came to a point in time when we were concerned about that.

Mr. **Nields**. But it was designed to be kept a secret from the American people?

Mr. **North**. I think what is important, Mr. Nields, is that we somehow arrive at some kind of understanding right here and now as to what a covert operation is. I mean, if we could find a way to insulate with a bubble over these hearings that are being broadcast in Moscow, and talk about covert operations to the American people without it getting into the hands of our adversaries, I am sure we would do that. We haven't found a way to do it.

Mr. **Nields**. But you put it somewhat differently to the Iranians with whom you were negotiating on the 8th and 9th of October in Frankfurt, Germany, didn't you? You said to them that Secretary of Defense Weinberger in our last session with the President said, "I don't think we should send one more screw"—talking about the HAWK parts—"until we have our Americans back from Beirut because when the American people find out that this has happened, they'll impeach you," referring to the President.

Mr. **Sullivan**. Objection. Apparently counsel is reading from a transcript of a tape recording, Mr. Chairman, which Colonel North may have caused to be made. And we have not been provided with a copy of that material. I think it is inappropriate for questions to be asked of the colonel when counsel has a copy of the tape but we do not have it.

Thank you, sir.

Mr. **Nields**. Colonel North does have a copy of it. It was sent——

Chairman **Inouye**. Objection is overruled.

Mr. **Nields**. It was sent to him over the weekend, and it is in a notebook in front of counsel.

Mr. **Sullivan**. Fine. Thank you, Mr. Nields.

Mr. **Nields**. Titled "Second Channel".

Mr. **Sullivan**. As I walked in the door, 5 minutes after I was handed all these notebooks, which I am now looking at for the first time. Do you want to direct my attention to where it is, sir? Which book and what's in it.

Mr. **Nields**. In a notebook titled "Second Channel Transcripts" at tab 5.

I believe it is the top notebook that you put your papers on top of.

Mr. **Sullivan**. Tab 5, sir?

Mr. **Nields**. Tab 5.

Mr. **Sullivan**. What page, sir?

Mr. **Nields**. It's right at tab 5, on that page.

Mr. **Sullivan**. Would you give us a moment to read it, sir?

Mr. **Nields**. Yes.

Mr. **Sullivan**. Could you help us out, Mr. Nields? Do I begin reading right on tab 5 or the page behind it?

Mr. **Nields**. Right on tab 5 and my question is simple. Did you tell the Iranians with whom you were negotiating on October 8 and 9 that the Secretary of Defense had told the President at his most recent meeting, "When the American people find out that this has happened, they will impeach you"?

That is the entire question. Did you say that to the Iranians?

Mr. **Sullivan**. Does it say that on this page, sir?

Mr. **Nields**. Yes. At the very top.

Mr. **North**. Mr. Nields, this is apparently one of the transcripts of tape recordings that I caused to be made of my discussions with the Iranians. I would like to note that for every conversation, whenever it was possible, I asked for the assistance of our intelligence services to trans—to tape record and transcribe every single session so that when I returned there would be no doubt as to what I said.

I am the one who created these tapes, plus the 7 hours of tape recordings that your committee found yesterday, because I knew where they were, and I kept trying to alert you to them, and I am the one who created those tapes so there would never be any doubt in the minds of my superiors as to what I had said or why I had said it. That is a bald-faced lie told to the Iranians. And I will tell you right now, I'd have offered the Iranians a free trip to Disneyland if we could have gotten Americans home for it.

Mr. **NIELDS**. The question was, did you say it?

Mr. **NORTH**. I absolutely said it. I said a lot of other things to the Iranians. To get our hostages home.

Mr. **NIELDS**. And when the Hasenfus plane went down in Nicaragua, the U.S. Government told the American people that the U.S. Government had no connection whatsoever with that airplane.

Is that also true?

Mr. **NORTH**. When the Hasenfus airplane went down, I was in the air headed for Europe, so I do not know what the initial statements were and I couldn't comment on them.

Mr. **SULLIVAN**. Who in the Government and when, sir? Are you asking him generally did someone in the Government make a statement?

Mr. **NIELDS**. We have had testimony—that Elliott Abrams——

Chairman **INOUYE**. Address the chair if you have any questions to ask.

Mr. **SULLIVAN**. Yes, sir. I think that we would perhaps make more progress if he asked what the colonel did, what he said, what he heard with respect to his actions.

A statement indicating that what someone in the American Government had said seems to me to be a little far afield, sir. That is my only comment.

Chairman **INOUYE**. Mr. Nields, proceed.

Mr. **NIELDS**. That was not true, was it, Colonel North?

Mr. **NORTH**. Which was not true, Mr. Nields?

Mr. **NIELDS**. It is not true the U.S. Government had no connection with Mr. Hasenfus' airplane that went down in Nicaragua?

Mr. **NORTH**. No, it was not true. I had an indirect connection with that flight, and many others I would point out.

Mr. **NIELDS**. In certain Communist countries, the Government's activities are kept secret from the people, but that is not the way we do things in America, is it?

Mr. **NORTH**. Counsel, I would like to go back to what I said just a few moments ago.

I think it is very important for the American people to understand that this is a dangerous world, that we live at risk, and that this Nation is at risk in a dangerous world. And that they ought not be led to believe as a consequence of these hearings that this Nation cannot or should not conduct covert operations.

By their very nature, covert operations or special activities, are a lie. There is great deceit—deception practiced in the conduct of covert operations.

They are at essence a lie.

We make every effort to deceive the enemy as to our intent, our conduct, and to deny the association of the United States with those activities.

The intelligence committees hold hearings on all kinds of these activities conducted by our intelligence services. The American people ought not to be led to believe by the way you are asking that question that we intentionally deceived the American people or had that intent to begin with.

The effort to conduct these covert operations was made in such a way that our adversaries would not have knowledge of them, or that we could deny American association with them, or the association of this Government with those activities.

And that is not wrong.

Mr. **Nields**. The American people were told by this Government that our Government had nothing to do with the Hasenfus airplane, and that was false, and it is a principal purpose of these hearings to replace secrecy and deception with disclosure and truth, and that is one of the reasons we have called you here, sir.

And one question the American people would like to know the answer to is what did the President know about the diversion of the proceeds of Iranian arms sales to the Contras.

Can you tell us what you know about that, sir?

Mr. **North**. You just took a long leap from Mr. Hasenfus' airplane.

As I told this committee several days ago, and if you will indulge me, counsel, in a brief summary of what I said, I never personally discussed the use of the residuals or profits from the sale of United States weapons to Iran for the purpose of supporting the Nicaraguan Resistance with the President.

I never raised it with him and he never raised it with me during my entire tenure at the National Security Council staff. Throughout the conduct of my entire tenure at the National Security Council, I assumed that the President was aware of what I was doing and had, through my superiors, approved it.

I sought approval of my superiors for every one of my actions, and it is well documented.

I assumed when I had approval to proceed from either Judge Clark, Bud McFarlane, or Admiral Poindexter, that they had, indeed, solicited and obtained the approval of the President.

To my recollection, Admiral Poindexter never told me that he met with the President on the issue of using residuals from the Iranian sales to support the Nicaraguan Resistance. Or that he discussed the residuals or profits for use by the Contras with the President, or that he got the President's specific approval, nor did he tell me that the President had approved such a transaction.

But again, I wish to reiterate that throughout, I believed that the President had indeed authorized such activity. No other person with whom I was in contact with during my tenure at the White House told me that he or she ever discussed the issue of the residuals or profits with the President.

In late November, two other things occurred which relate to this issue.

On or about Friday, November 21, I Asked Admiral Poindexter directly, "Does the President know?" He told me he did not.

And on November 25, the day I was reassigned back to the U.S. Marine Corps for service, the President of the United States called me. In the course of that call, the President said to me, words to the effect that, "I just didn't know."

Those are the facts as I know them, Mr. Nields. I was glad that when you introduced this, you said that you wanted to hear the truth. I came here to tell you the truth, the good, the bad, and the ugly.

I am here to tell it all—pleasant and unpleasant, and I am here to accept responsibility for that which I did.

I will not accept responsibility for that which I did not do.

Chairman **Inouye**. Before proceeding, may I make an inquiry of the witness.

Was that response from a written text?

Mr. **North**. Those are from notes that I made in preparation for this session, sir.

Chairman **Inouye**. It is not a verbatim written text?

Mr. **North**. No, sir, it is not.

Chairman **Inouye**. Mr. Nields.

Mr. **Nields**. Colonel North, you left something out, didn't you?

Mr. **Sullivan**. What is it, counsel?

Mr. **Nields**. You have testified that you assumed that the President had authorized the diversion. Lieutenant colonels in the Marine Corps do not divert millions of dollars from arms sales to Iran for the benefit of the Contras based on assumptions, do they? You had a basis for your assumption.

Mr. **North**. I had the approval of my superiors as I did for all other things that I did, Mr. Nields.

Mr. **Nields**. You had something else, didn't you, sir? You had a specific reason for believing that the President had approved. You wrote memoranda, did you not, seeking the President's approval for the diversion?

Mr. **North**. I did.

Mr. **Nields**. And indeed, you wrote more than one of them?

Mr. **North**. I did.

Mr. **Nields**. How many did you write?

Mr. **North**. Again, I will estimate there may have been as many as five. Again, I am trying to recall without access to those particular documents. You may have six, and I am not trying to dissemble at all with you.

Mr. **Nields**. And these five were written, I take it, on each occasion where there was a proposed sale of arms to the Iranians that you felt had reached sufficiently final form to seek the President's approval?

Mr. **North**. Yes.

Mr. **Nields**. And the first one was in February, or January of 1986; is that correct?

Mr. **North**. As I recall, it was.

Mr. **Nields**. Now, exhibit 1 in the notebook, I believe to Mr. Sullivan's left——

Mr. **Sullivan**. Which book? Book 1, exhibit 1?

Mr. **Nields**. Book 1, exhibit 1.

Do you have that in front of you, Colonel North?

Mr. **North**. I have exhibit 1.

Mr. **Nields**. That is a draft, is it not, of the kind of document you were just referring to?

Mr. **North**. Yes.

Mr. **Nields**. And on page 5, at the end of that draft, there is a line headed "Recommendation," and the recommendation is that the President approve the structure depicted above under current situation, and the terms of reference at tab A, and it has a line for approve, and a place to check, and a line for disapprove, and a place to check; is that correct?

Mr. **North**. That is correct.

Mr. NIELDS. And that is the kind of memorandum again that you just testified about?

Mr. NORTH. Yes, it is.

Mr. NIELDS. This is a draft, but I think you just testified that on five different occasions, you put one of these drafts in final form.

Mr. NORTH. It is my recollection that each time we prepared to conduct one of those transactions, and not all of them went through to fruition, there were only three that actually transpired during the time that I was supervising this activity, but it is my recollection that there were probably five times total, that we actually got to a point where we thought, one, that the sale would take place; and, number two, that we would have the hostages released and a dialogue with the Iranians as a consequence.

Mr. NIELDS. And you sent those memoranda up the line?

Mr. NORTH. It is my recollection that I sent each one of those up the line, and that on the three where I had approval to proceed, I thought that I had received authority from the President. I want to make it very clear that no memorandum ever came back to me with the President's initials on it, or the President's name on it or a note from the President on it. None of these memoranda.

I do have, as you know, in the files that you now have of mine, many, many of my memoranda do have the President's initials on them, but none of these had the President's initials on them.

Mr. NIELDS. We will get back to that in a minute, Colonel North. My question right now is: You sent these memoranda up to the National Security Adviser; is that correct?

Mr. NORTH. That is correct.

Mr. NIELDS. For him to obtain the President's approval?

Mr. NORTH. Yes.

Mr. NIELDS. Frequently, you would send memoranda to the National Security Adviser seeking his approval for something. Is that correct?

Mr. NORTH. Judging by the pile of paper you just sent me, I obviously sent too many. But, yes, I did send memoranda to my boss.

Mr. NIELDS. Seeking his approval?

Mr. NORTH. Yes, sir.

Mr. NIELDS. With a line under the heading "Recommendation," in which you sought his approval?

Mr. NORTH. Yes.

Mr. NIELDS. And sometimes you sent memoranda up the line with a recommendation that he brief the President on something.

Mr. NORTH. As I recall, yes.

Mr. NIELDS. And occasionally, you sent up a memorandum recommending that he obtain the President's approval?

Mr. NORTH. That is correct.

Mr. NIELDS. And that is what you did in this case?

Mr. NORTH. Apparently so. Those are the words that I had typed on the piece of paper.

Mr. NIELDS. Because you specifically wanted, before proceeding on a matter of this degree of importance, to have the President's approval.

Mr. NORTH. Yes.

Mr. NIELDS. Now, at any time did Admiral Poindexter tell you, "Don't send any more memos like this"?

Mr. **North**. I don't recall such an instruction, and if I had been given it, I would have followed it. There were times when we, in both the case of Admiral Poindexter and Mr. McFarlane, decided no more memoranda on certain subjects, and they would be handled with verbal briefings.

Mr. **Nields**. But that was not the case with respect to these memoranda seeking approval of the diversions?

Mr. **North**. You insist on referring to it as diversion. My use of Webster leads me to believe that those were residuals. The only thing we did was divert money out of Mr. Ghorbanifar's pocket and put it to a better use.

Mr. **Nields**. I am not asking you about words now, colonel. I am asking you whether you didn't continue to send memoranda seeking approval of diversions or residuals, whatever the word, for the benefit of the Contras, up to the President for approval?

Mr. **North**. I did not send them to the President, Mr. Nields. This memorandum went to the National Security Adviser, seeking that he obtain the President's approval. There is a big difference. This is not a memorandum to the President.

Mr. **Nields**. And my question to you is, isn't it true that you continued to send them up to the National Security Adviser seeking the President's approval?

Mr. **North**. It is my recollection that I did, yes, sir.

Mr. **Nields**. And Admiral Poindexter never told you, "Stop sending those memoranda."

Mr. **North**. I do not recall the admiral saying that. It is entirely possible, Mr. Nields, that that did happen.

Mr. **Nields**. Well, if it had happened, then you would have stopped sending them. Isn't that true?

Mr. **North**. Yes.

Mr. **Nields**. But you didn't stop sending them. You just testified you sent them on five different occasions.

Mr. **North**. I testified that, to my recollection, there were about five times when we thought we had an arrangement that would result in the release of American hostages and the opening of a dialogue with Iran, and that we thought the deal was sufficiently framed that we could proceed with it, and that I thought, because I don't have those records before me, that I had sent memoranda forward, as I always did, seeking approval. That is what I think and that is what I recall. I am not testifying to solid—on such and such a date, I did such and such a thing.

Mr. **Nields**. And was there ever a time when Admiral Poindexter said, "Don't send them up for the President's approval, just send them up for my approval"?

Mr. **North**. Again, I don't recall such a conversation.

Mr. **Nields**. Well, in fact, isn't it true that it was Admiral Poindexter that wanted you to send these memoranda up for the President to approve?

Mr. **North**. I don't recall Admiral Poindexter instructing me to do that either.

Mr. **Nields**. Would you turn to exhibit 2. Do you have that in front of you?

Mr. **North**. I have what appears to be a PROF note from Admiral Poindexter.

Mr. **Nields**. And below that there is a PROF note from Oliver North.

Mr. **North**. Yes.

Mr. **Nields**. And that is to Mr. McFarlane.

Mr. **North**. I don't know how I can tell that from what I'm looking at.

Mr. **Nields**. Well, if you look right up above the reply to note of 4/7/86, it says to "R.C.M."

Mr. **North**. Right.

Mr. **Nields**. And it is dated the 7th of April, 1986.

Mr. **North**. Right.

Mr. **Nields**. And that's 3 days after the date of the terms of reference on exhibit 1. You can check if you wish or you can take my word for it. It is dated April 4.

Mr. **North**. Will you take my word?

Mr. **Sullivan**. What is your question?

Mr. **Nields**. I haven't asked a question yet. The question is, isn't this 3 days after the date on the term of reference on exhibit 1?

Mr. **North**. Apparently it is.

Mr. **Nields**. This PROF message makes reference to Mr. Ghorbanifar in the first line?

Mr. **North**. Yes, it does.

Mr. **Nields**. And it makes reference to the $15 million in line 3.

Mr. **North**. That's correct.

Mr. **Nields**. And then in line 6, it reads: "Per request of J.M.P., have prepared a paper for our boss, which lays out arrangements."

Mr. **North**. That is what it says.

Mr. **Nields**. And my question to you, sir, is, doesn't that mean that you were telling Mr. McFarlane that Admiral Poindexter—that is J.M.P., isn't it?

Mr. **North**. Yes, it is.

Mr. **Nields**. Had asked that you prepare a paper for the President?

Mr. **North**. That's correct.

Mr. **Nields**. That is "our boss," isn't it?

Mr. **North**. He is indeed.

Mr. **Nields**. Laying out the arrangements, and that refers, does it not, to the description of the transaction which is in exhibit no. 1?

Mr. **North**. That's correct.

Mr. **Nields**. So, far from telling you to stop sending memoranda up for the President's approval, Admiral Poindexter was specifically asking you to send memoranda up for the President's approval.

Mr. **North**. Well, again, in this particular case, that is true, Mr. Nields, and I don't believe that I have said that Admiral Poindexter told me to stop. Did I?

Mr. **Nields**. Where are these memoranda?

Mr. **North**. Which memoranda?

Mr. **Nields**. The memoranda that you sent up to Admiral Poindexter seeking the President's approval.

Mr. **North**. Well, they are probably in these books to my left that I haven't even looked through yet. If I try to guess, I'm going to be wrong, but I think I shredded most of that. Did I get them all? I'm not trying to be flippant. I'm just——

Mr. **Nields**. That was going to be my very next question, Colonel North. Isn't it true that you shredded them?

Mr. **North**. I believe I did.

Mr. **Nields**. And that would include the copies with a check mark where the line says "approve"?

Mr. **North**. That would have included all copies. I tried, as I was departing the NSC, a process which began as early as October, to destroy all references to these covert operations. I willingly admit that.

Counsel, would you repeat that question again, please.

Mr. **Nields**. My question was, I take it that includes the memoranda with the check mark opposite the line "approve."

Mr. **North**. Again I do not testify here, nor do I believe I did so earlier, that I recall any specific check marks or initials.

Admiral Poindexter's habit was to initial the "approve/disapprove" box. Occasionally I suppose there would have been a check mark, but I do not recall a specific document coming back with a JP or a check mark or an RCM on this particular issue, nor—again I want to repeat—nor did I ever see any with the President's initials on it. And that is not entirely unusual, Mr. Nields. On a number of other activities I would simply be told over the telephone, proceed. Or in some cases I would send up messages, either in the PROF system or written, unless otherwise directed I will proceed as follows.

Mr. **Nields**. That is the whole reason for shredding documents, isn't it, Colonel North, so that you can later say you don't remember whether you had them, and you don't remember what is in them?

Mr. **North**. No, Mr. Nields. The reason for shredding documents and the reason the Government of the United States gave me a shredder—I mean, I didn't buy it myself—was to destroy documents that were no longer relevant, that did not apply or that should not be divulged.

Again I want to go back to the whole intent of a covert operation. Part of a covert operation is to offer plausible deniability of the association of the Government of the United States with the activity. Part of it is to deceive our adversaries. Part of it is to insure that those people who are at great peril carrying out those activities are not further endangered. All those are good and sufficient reasons to destroy documents, and that is why the Government buys shredders by the tens and dozens and gives them to people running covert operations; not so that they can have convenient memories.

I came here to tell you the truth, to tell you and this committee and the American people the truth, and I am trying to do that, Mr. Nields, and I don't like the insinuation that I'm up here having a convenient memory lapse like perhaps some others have had.

Mr. **Nields**. Colonel North, you shredded these documents on the 21st of November 1986 isn't that true?

Mr. **North**. Try me again on the date.

Mr. **Nields**. Friday the 21st of November, 1986.

Mr. **North**. I started shredding documents as early as my return from Europe in October. I have absolutely no recollection when those documents were shredded, none whatsoever.

Mr. NIELDS. There has been testimony before the committee you engaged in shredding of documents on November 21, 1986. Do you deny that?

Mr. NORTH. I do not deny that I engaged in shredding on November 21. I will also tell this committee that I engaged in shredding almost every day that I had a shredder and that I put things in burn bags when I didn't.

So every single day I was on National Security Council staff, some documents were destroyed, and I don't want you to have the impression that those documents that I referred to seeking approval disappeared on the 21st. Because I can't say that. In fact, I am quite sure, by virtue of the conversations I remember about the 21st, that those documents were already gone.

They were gone by virtue of the fact that we saw these operations unraveling as early as the mid part of October: with the loss of the Hasenfus airplane, and the discussion that the Director of Central Intelligence had had with a private citizen about what he knew of a Contra diversion, as you put it. And at that point I began to, one, recognize I would be leaving the NSC, because that was a purpose for my departure, to offer the scapegoat, if you will, and, second of all, recognizing it was coming down, I didn't want some new person walking in there opening files that would possibly expose people at risk.

So I do not want you to leave with the idea that those documents were shredded just on the 21st. They might have been shredded on the 19th or the 11th of November when I came back from a series of trips to Europe.

Mr. NIELDS. Colonel North, let me ask you this: There had been some newspaper publicity about the Iranian initiative starting in early November, isn't that true?

Mr. NORTH. I don't recall specifically, counsel.

Mr. NIELDS. You do recall that there was some publicity, don't you?

Mr. NORTH. Oh, absolutely. You are trying to fix me with a date. The very first revelations that we had concern about, as I recall, came about as a consequence, and I am sure you have it in one of the transcripts, that I haven't yet had a chance to review, is when the Second Channel in Europe at a meeting told us that pamphlets had been distributed in Iran exposing the McFarlane trip in May of that year.

And as I recall, we came back, had a discussion with the Director of Central Intelligence. This further confirmed his assessment, that this thing was going to unravel very quickly. That was before the Al Shiraa publication in Beirut, in the first days of November.

Mr. NIELDS. That is what I am asking about, the first days of November there was publicity, was there not, from Lebanon?

Mr. NORTH. Yes.

Mr. NIELDS. And following that, the President and this administration was hounded by publicity having to do with Iran?

Mr. NORTH. That is correct.

Mr. NIELDS. And the President made two statements to the nation on the subject of Iran.

Mr. NORTH. I recall a statement, and I do not recall the substance or the specific words, but I do recall the President making a brief statement when Mr. Jacobsen was brought to the White House, and I recall a statement on or about, I think, the 13th of November, and then, of course, the question was raised at a press conference on the 19th. Those are the ones I recall specifically.

Mr. NIELDS. And following the press conference on the 19th, you had a discussion with Mr. McFarlane, did you not?

Let me refresh you. You had a discussion with Mr. McFarlane on the subject of diversion.

Mr. NORTH. I had a number of discussions with Mr. McFarlane throughout my tenure at the NSC, and even after he departed. I am not sure what the point of your question is.

Mr. NIELDS. The point of my question is, isn't it true you had a discussion with Mr. McFarlane in which he said, "You still have one problem left", or words to that effect, "which is the use of the moneys from the Iranian arms sales for the benefit of the Contras?"

Mr. NORTH. I may have, counsel. I don't recall the specific discussion.

Mr. NIELDS. And I take it that you would agree that you at least shredded some documents on the 21st of November.

Mr. NORTH. Oh absolutely.

Mr. NIELDS. And at that time, can you think of any document which would have been more damaging to the President than one of these documents seeking his approval for the diversion with a check mark next to the box approved?

Mr. SULLIVAN. Objection. Mr. Chairman, the question assumes that such a document existed, and the testimony so far has been that the colonel does not recall, certainly never saw documents with the President's initials on it and doesn't recall getting any documents even with Poindexter's initials or check mark.

Chairman INOUYE. The objection is noted and overruled.

Mr. NORTH. Would you repeat the question, counsel?

Mr. NIELDS. Can you think of any document which would have been more damaging to the President than a document which had his check mark or had a check mark opposite the approved box which was one of these diversion memos?

Mr. NORTH. I am hard put to answer your question, counsel, because as you know, there is probably an equally sized stack of documents on other subjects that I worked on that if they were released, having the President's signature on it, lives would be lost, the national security interests of the United States would be severely jeopardized.

I don't understand your concept of damage to the President. Political damage? Domestic-political concerns? International repercussions?

What do you mean by damage to the President?

Mr. NIELDS. Were you considering the issue of damage to the President when you were destroying documents from your files?

Mr. NORTH. I was considering the issue of damage to the President when I was preparing documents. You know it's not a matter of——

Mr. NIELDS. What do you mean by damage to the President?

Mr. NORTH. Well, damage to the President can come in several forms. Domestic political repercussions, international ramifications where other countries won't even talk to us again, like perhaps the consequence of these hearings, or cooperate with us.

I can see the risk that it would put on other people, the lives of the hostages, the damage potentially to international agreements, and quite apart from any other kinds of damage physically.

Mr. NIELDS. Let's talk about political damage.

Were you concerned about political damage?

Mr. NORTH. Of course.

I think one of the responsibilities of a National Security Council staff officer is to be aware that that staff has to be concerned about the domestic political ramifications as well as the international relationships that are affected.

Mr. NIELDS. And the President was then suffering domestic political damage, was he not, as a result of the publicity surrounding the Iranian arms initiative?

Mr. NORTH. You will have to leave that assessment to the political pundits.

Mr. NIELDS. No, I am asking you.

Mr. NORTH. You are asking me what.

Mr. SULLIVAN. Excuse me, Mr. Chairman. I think it is only fair that counsel let the witness finish his answer rather than interjecting another question.

Mr. INOUYE. Proceed.

Mr. NIELDS. I am asking you, sir.

Mr. NORTH. Forgive me, counsel.

What were you asking me?

Mr. NIELDS. I am asking you whether, in your judgment, the President was suffering domestic political damage as a result of the publicity surrounding the Iranian arms initiative?

Mr. NORTH. Yes.

Mr. NIELDS. And you were concerned about that?

Mr. NORTH. Always.

Mr. NIELDS. And can you think of any document, the disclosure of which would have caused him more domestic political damage than a document reflecting his approval of the diversion?

Mr. NORTH. The answer to your question is yes. I can think of a lot of documents that would cause domestic political damage.

Mr. NIELDS. In your files?

Mr. NORTH. Not necessarily in my files.

Mr. NIELDS. Well, let's talk about the ones that were in your files that you were concerned about shredding.

And my question to you is can you think of any document in your files that you were thinking about shredding which would have caused him more domestic political damage than one of these diversion memos reflecting his approval?

Mr. NORTH. Can I give you more than a one-word answer?

Mr. NIELDS. Why don't you try one word and then explain.

Mr. NORTH. All right, Mr. Nields.

Yes. The answer is yes, I can think of many documents that could be damaging to the President.

Mr. NIELDS. That wasn't the question.

Mr. SULLIVAN. It was the question.

Mr. NIELDS. No, it was not.

The question was can you think of any documents which would have been more damaging?

Mr. NORTH. I suppose so. And I suppose those had already been destroyed. And I want to go back once again to what I tried to say at the very beginning.

I happen to believe that this Nation needs to be able to conduct deniable covert operations. I believe that this President, like all Presidents, needs to have an ability to dissociate himself from those activities and that the U.S. role should remain hidden or deniable and not be revealed.

That is, after all, the essence of those operations.

The reason I destroyed documents——

Mr. NIELDS. That was not the question, sir.

Mr. NORTH. I want to answer that.

Mr. NIELDS. That is not the question.

Mr. NORTH. But that is important.

Mr. NIELDS. The question on the table is different.

Are there any documents, or were there in your files, that you were thinking about shredding on November 21st that would have been any more damaging politically than one of these diversion memos reflecting Presidential approval?

That is the question.

Mr. NORTH. The way you have asked the question, I can tell you absolutely not because I don't think the documents existed on November 21st.

Mr. NIELDS. Well, that is my next question.

Are you here telling the committee that you don't remember whether on November 21st there was a document in your files reflecting Presidential approval of the diversion?

Mr. NORTH. As a matter of fact, I will tell you specifically that I thought they were all gone because by the time I was told at some point early on November 21st that there would be an inquiry conducted by Mr. Meese, I assured Admiral Poindexter, incorrectly, it seems, that all of those documents no longer existed. And so that is early on November 21st because I believe the decision to make an inquiry, to have the Attorney General or Mr. Meese, in his role as a friend of the President, conduct a factfinding excursion on what happened in September and November in 1985, I assured the admiral, "Don't worry. It is all taken care of."

Mr. NIELDS. You have already shredded them?

Mr. NORTH. That is right.

Mr. NIELDS. When?

Mr. NORTH. To answer your question about November 21st, is no, sir.

Mr. NIELDS. When did you shred them, sir?

Mr. NORTH. My answer, Mr. Nields, is that I started shredding documents in earnest after a discussion with Director Casey in early October, when he told me that Mr. Furmark had come to him and talked to him about the use of Iran arms sales money to support the Resistance.

That followed shortly—was preceded shortly by the crash or shootdown of the aircraft Mr. Hasenfus was on. And Director Casey and I had a lengthy discussion about the fact that this whole thing was coming unraveled and that things ought to be "cleaned up," and I started cleaning things up.

Mr. NIELDS. And when you cleaned them up, did you or did you not shred documents that reflected the President's approval of the diversion?

Mr. SULLIVAN. Objection. How many times do we have to have the question asked, Mr. Chairman? The witness has done it—answered that question I think about 10 times this morning and I request respectfully that we move on to a new subject.

Chairman INOUYE. I must overrule this. Because I have some difficulty in trying to get a clear answer myself. I am certain counsel is having that difficulty. Please proceed.

Mr. SULLIVAN. What is your question, counsel?

Mr. NIELDS. Have you forgotten the question?

Mr. SULLIVAN. Well I have, and I have to make objections so you ask it again.

Mr. NIELDS. You did, and it was overruled and the question stands. I would like the witness to answer it, if he remembers it.

Mr. SULLIVAN. He obviously doesn't remember it. He just asked you to repeat it.

Mr. NIELDS. You did. You did. He did not. Sir, do you remember the question?

Mr. NORTH. My memory has been shredded. If you would be so kind as to repeat the question?

Mr. NIELDS. You have testified that you shredded documents shortly after you heard from Director Casey that Furmark had said moneys had been used from the Iranian arms sales for the benefit of the Contras.

Mr. NORTH. That is correct.

Mr. NIELDS. My question to you is, did you or did you not shred documents that reflected Presidential approval of the diversion?

Mr. NORTH. I have absolutely no recollection of destroying any document which gave me an indication that the President had seen the document or that the President had specifically approved. I assumed that the three transactions which I supervised or managed or coordinated, whatever word you are comfortable with—and I can accept all three—were approved by the President.

I never recall seeing a single document which gave me a clear indication that the President had specifically approved that action.

Mr. NIELDS. I want to make sure we understand each other, sir. I am talking about a document such as the type you testified about with a check mark where it says, "approve."

Mr. NORTH. I do not recall seeing a document with a check mark "approve."

Mr. NIELDS. Just so we are absolutely clear. Are you telling the committee that when you started shredding documents relating to diversion, that you cannot recall whether any of those documents reflected Presidential approval?

Mr. SULLIVAN. Now, Mr. Chairman, I am not sure how many times we are at now, but, isn't there some limit in fairness? Isn't there some limit in the number of similar questions that can be asked? I believe the colonel has answered that question as many as 10 times this morning.

I request that—the record speaks for itself, and that we move on. Please, sir.

Chairman INOUYE. Please continue.

Mr. NIELDS. There is a question pending, sir.

Mr. NORTH. Would you be so kind, counsel, to repeat the question?

Mr. NIELDS. Yes, I will.

Are you telling this committee that when you went to shred documents relating to diversion, you don't remember whether any of them reflected the President's approval by a check mark in the "approve" box?

Mr. NORTH. That is correct.

Mr. NIELDS. You were interviewed by the Attorney General on the 23d of November; is that correct?

Before I get to that, let me see if I can't summarize. You have testified that you sent five documents, approximately, up the line seeking Presidential approval of the diversion, of a diversion. Would you prefer I used a different word? Would that help a little bit?

Mr. NORTH. That would help, but if I may—if I may characterize what those memos did. As you can see from what has been referred to as exhibit——

Mr. NIELDS. I don't think there is a question pending to which you are responding, sir.

Mr. SULLIVAN. I think there is.

Mr. NORTH. I want to clarify the question for you, Mr. Nields.

Mr. SULLIVAN. Please, Mr. Chairman.

When a witness is struggling to appear before a group like this, and anticipates being questioned by 30 skilled questioners, I think you have to give him some leeway in his responses.

He is trying to explain, he is struggling to try to understand the question and to explain the answers. And I don't think he should be cut off by counsel. Please, sir?

Chairman INOUYE. Proceed.

Mr. NIELDS. You have testified about five documents, approximately, that you sent up the line.

Mr. NORTH. As I recall, that is correct.

Mr. NIELDS. Seeking Presidential approval?

Mr. NORTH. Yes, but—and the "but" is, that it didn't seek specific approval for use of the residuals to support the Nicaraguan Resistance. As you can see from the document that I believe you called exhibit—forgive me, but I think it is exhibit 1, that document lays out much more than an explanation of how the residuals would be used to support the Resistance.

In fact, that transaction never occurred. What I am saying to you is those documents outlined a—the entire activity at that point, as best I could define it. It would specify the expectation of a further meeting with senior U.S. officials and senior Iranian officials, the hopes we had for ending the Iran-Iraq war, and a very, very brief mention, in a five-page document, about the use of residual funds from that transaction to support the Resistance.

Mr. NIELDS. $12 million worth on that memo?

Mr. NORTH. Well again, but that transaction never occurred.

Mr. **Nields**. And those references to diversion were included in the memoranda that you sent up the line?

Mr. **North**. As I recall the memoranda that I sent forward asking for approval to conduct one of those transactions specified that kind of information. That is correct.

Mr. **Nields**. And your recollection is that you received the approval?

Mr. **North**. My recollection is that the three transactions that I supervised, coordinated, managed were all approved by Admiral Poindexter. I assumed that Admiral Poindexter had solicited and obtained the consent of the President.

Mr. **Nields**. And you shredded documents thereafter relating to this subject matter, and I think you are telling us that you do not remember whether the documents that you shredded included one with a check mark on it?

Mr. **North**. That is correct.

Mr. **Nields**. I think I was asking you, you had a meeting with the Attorney General on the 23d of November?

Mr. **North**. That is correct.

Mr. **Nields**. And you were aware, were you not, sometime during the day on Friday, November 21st, that the Attorney General's people were going to come in and look at documents over the weekend?

Mr. **North**. That is correct.

Mr. **Nields**. And you shredded documents before they got there?

Mr. **North**. I would prefer to say that I shredded documents that day like I did on all other days, but perhaps with increased intensity; that's correct.

Mr. **Nields**. So that the people you were keeping these documents from, the ones that you shredded, were representatives of the Attorney General of the United States?

Mr. **North**. Well they worked for him.

Mr. **Nields**. And it was those people from whom you were keeping these documents?

Mr. **North**. No. Because, as I have already testified, counsel, I believed—when I was apprised by Admiral Poindexter that the Attorney General, in his role as Mr. Meese, not that the Attorney General is going to come by and do a full-fledged investigation—the word "investigation" wasn't used—that Mr. Meese had been asked to do a factfinding inquiry and would be sending people over to review documents.

I assured Admiral Poindexter, incorrectly, it turns out, that all of the documents that pertained to the residual funds being used to support the Nicaraguan Resistance had already been destroyed.

I then went back to my office and I lined up on my desk, or on my table in my office, about the size of this table, a whole set of binders, all by subject and by date, unlike the documents that I've now received to prepare for testimony, and each one of those were laid out on the table. I had already gone through those days before, removing documents like this and others.

Mr. **Nields**. This is referring—excuse me. This is referring to exhibit 1?

Mr. **North**. That's correct. And I laid them out on the table.

Later on in the day, I was going through my safe—I knew as early as mid October that my tenure at the NSC was coming to a close. I had had lengthy discussions about this with Director Casey. I had talked to Admiral Poindexter about it. I believe I had even talked to Mr. McFarlane about it.

And I stood there beside my safe and I was pulling out things out of the safe and looking at them, and occasionally I would drop one in the shredder which is right next to my safe. As I recall, my secretary then walked over to me and said, "Why are you doing this? You know, you could be doing work on the chronology or doing work on something else. Let me help." Or words to that effect.

She then asked me, "What about the phone call logs, and things that are yours personally?" And I said, "They probably ought to go." And it is my recollection that most of this stack of a foot and a half, or however it's been described in earlier testimony, consisted of phone logs, things that I had been told during my tenure at the NSC staff were mine and mine alone, plus the PROF notes that I considered to be mine and mine alone, deeply personal communications between me and my colleagues and, in some cases, my superiors. And I asked her to put those in the shredder because those I considered to be mine. Not that they specifically related to this activity, but simply that they were not going to go anywhere and they ought to go in the shredder.

And so what has been created is this sensational, you know, horrible, final, last-minute, last-ditch shredding—and it wasn't that at all.

Mr. Nields. You had already done that shredding?

Mr. North. I thought I had gotten it all. That is correct, Mr. Nields.

Mr. Nields. And the fact that you shredded a whole stack of documents on the afternoon of Friday, November 21st, right after you had heard the Attorney General's people were coming to look at documents in the morning, is a pure coincidence, it had nothing to do with the fact that the Attorney General's people were coming in over the weekend to look at documents? Is that your testimony?

Mr. North. The documents that they were going to look at were already laid out on the table in my office. I am sure that there are colleagues of mine who worked in that office who can testify to that effect.

Mr. Nields. Is it your testimony—is it your testimony that the documents that you shredded right after you found out that the Attorney General's people were coming in over the weekend to look at documents had nothing to do with the fact that his people were coming in to look at documents?

Mr. North. No. I'm not saying that.

Mr. Nields. So you shredded some documents because the Attorney General's people were coming in over the weekend?

Mr. North. I do not preclude that as part of what was shredded. I do not preclude that as being a possibility, not at all.

Mr. Nields. You were interviewed by the Attorney General on the 23d, which was a Sunday?

Mr. North. And, as I recall, three of his colleagues.

Mr. Nields. During that interview you were shown a copy of exhibit 1?

Mr. North. That is correct.

Mr. Nields. And you expressed some surprise?

Mr. North. I was surprised it was still around. That is correct.

Mr. Nields. And you were asked, were you not, by the Attorney General whether there were any other things like that, any other problem documents?

Mr. North. I don't recall that specific question, but I don't deny that he asked that.

Mr. Nields. Why don't you turn to page 18 of exhibit 14.

Do you have that in front of you, Colonel North?

Mr. North. I do.

Mr. Nields. That is a set of notes taken by Mr. Richardson during his interview—the Attorney General's interview with you on November 23d. And on page 18—you may check this if you wish—but there appear to be some preceding questions and answers relating to the diversion document. There is a question, "What else like Nicaraguan angle?" The notes indicate that question, and an answer, "Nothing."

And then if you turn the page to page 19, it states, "If this doesn't come out, only other is November HAWKs deal." You see that?

Mr. North. I see it.

Mr. Nields. Did you suggest to the Attorney General that maybe the diversion memoranda and the fact that—memorandum, and the fact that there was a diversion, need not ever come out?

Mr. North. Again I don't recall that specific conversation at all, but I'm not saying it didn't happen.

Mr. Nields. You don't deny it?

Mr. North. No.

Mr. Nields. You don't deny suggesting to the Attorney General of the United States that he just figure out a way of keeping this diversion document secret?

Mr. North. I don't deny that I said that. I am not saying I remember it either.

Mr. Nields. And then you said "The only other is November HAWKs deal."

Mr. Sullivan. Objection. You are reading from someone else's notes, they're not Colonel North's notes. I don't know whether they are accurate. I don't know whether they were rewritten for the occasion here today, and it is not appropriate to question a witness about someone else's notes, Mr. Chairman. It is appropriate to ask what he said at the meeting, but not with respect to someone else's notes as if it gives authority to what is transcribed in the notes.

Thank you, sir.

Chairman **Inouye.** For the purposes of a congressional inquiry, the question is proper. Objection is overruled. Please proceed.

Mr. Nields. Colonel North, did you say to the Attorney General, "The only other possible problem", or words to that effect, "is the November HAWKs deal"?

Mr. North. I do not recall making that comment.

Mr. Nields. Was there a problem with the November HAWKs deal?

Mr. North. There was an enormous problem with the November HAWKs deal.

Mr. Nields. And one of the problems, I take it, was that you had participated, had you not, in putting forward a false story with respect to it?

Mr. North. That was one of the problems, yes. But I wasn't so concerned about my own role in doing that. I was concerned about the fact that there was considerable confusion about the 1985 shipments.

Mr. Nields. Well, there was a little bit more of a problem than confusion, was there not?

Mr. North. I don't know what you——

Mr. Nields. Let me put it to you this way: I take it that we are on common ground that the President signed a Finding in January of 1986 authorizing the sale of arms to Iran.

Mr. North. It is my recollection he signed two of them. One on or about January—one in early January, and then a follow-on with a minor modification in it later in January.

Mr. Nields. Prior to the time the President had signed any such Finding, the Israelis, and the committee has heard plenty of evidence of this, the Israelis had shipped with our knowledge and approval some 500 TOWs to Iran in August and September of 1985 and Benjamin Weir was released.

Then in November of 1985, the Israelis shipped 18 HAWK missiles to Iran also with our knowledge and approval and, indeed, in the case of the 18 HAWKs, this country participated. Indeed, we did the transportation.

Now, my first question is: Were you aware at the time of the September HAWKs—excuse me, September TOW transactions?

Mr. North. I have not yet had a chance to try to reconstruct all of what I knew and when I knew it about September. It is my recollection now that I was aware that some kind of a transaction was going to take place, that I had been briefed on this by representatives of the Israeli Government in general terms, that we alerted to—if I may, just one minute.

I then asked the Director of Central Intelligence and another intelligence agency for increased collection of sensitive intelligence.

Mr. Chairman, I defer to the committee on going much further than that on those aspects of how we collected information. You wish me to proceed further?

Chairman Inouye. The witness is correct. We will take these matters, if necessary, in executive session.

Mr. North. All right, sir.

Chairman Inouye. Please do not respond to that aspect.

Mr. North. Very well.

As a consequence of that sensitive intelligence, I was aware there was indeed a transaction occurring, although I did not know, I don't believe, the specific details of it until somewhat later.

I did make arrangements in September to position certain of our assets to receive Reverend Weir, and indeed I went to meet with him carrying a letter from the President.

So we did have specific foreknowledge that he would be released.

Mr. Nields. You were well aware, however, at the time of the shipment of 18 HAWKs in November?

Mr. NORTH. I was intimately aware at the point in time when it all began to happen, I was apprised of it. If you want me to go on with this?

Mr. NIELDS. No, that is fine. That is enough.

And the committee has heard evidence recently, a couple of weeks ago, from representatives of the Department of Justice, the Department of Defense, and CIA supporting the conclusion that the shipments by the Israelis prior to the time there was an intelligence finding and our consent and participation in those shipments were a violation of law.

I have a feeling the committee is about to recess for 10 minutes and when we get back, I am going to ask you some questions about the statements that were put together by you and others relating to those transactions.

Mr. NORTH. That is a cliff-hanger of an ending.

Chairman INOUYE. The hearing will stand in recess for 10 minutes.

[Brief recess.]

Chairman INOUYE. Mr. Nields, please proceed.

Mr. NIELDS. Thank you, Mr. Chairman.

Colonel North, before we move on to the HAWK transaction, I want to ask you one or two more questions on the subject of diversion.

Did you tell General Secord that you and the President had joked about the fact that the Ayatollah was providing funds to the Contras?

Mr. NORTH. I do not recall specifically telling General Secord that joke or story, but I did not joke with the President, if I may amplify on that.

As I recall, there was a meeting in the mid-to-late summer of 1986 in which the discussion focused on the fact that the Congress, both Houses, had voted $100 million to aid the Nicaraguan Resistance and that the $100 million, appropriations and authorizations, had to be conferenced, to be sent forward to the President and for whatever reason, the Congress was unwilling to send a coordinated bill forward for the President's signature.

And if my recollection is correct, the principal discussion focused on that issue, as to what could be done to help or encourage the Congress to indeed send forward what both Houses had already voted to approve.

At the conclusion of that meeting, on leaving—at the door as I recall, I said to the back of Admiral Poindexter, "It looks like the Ayatollah is going to have to help the Nicaraguan Freedom Fighters a little longer," or words to that effect.

It was an aside. I do not believe the President could have heard it, and I exaggerated that to General Secord, and I did so because General Secord was in my estimation exhausted.

He had been recruited by me to assist this country in carrying out what initially was one and then a multiple of covert operations.

I had brought him into these, and as a consequence, he was literally exhausted, and it was an enticement. It was an exaggeration on my part that I had told the President that little joke, and I had not.

Mr. **Nields**. Now, first you said that you don't recall whether you said that to General Secord and then you said you exaggerated to General Secord that you had joked with the President.

Which is it?

Mr. **North**. I guess maybe the way I should have characterized it, counsel, is that if I told it to General Secord that way, it was done as an enticement.

Mr. **Nields**. So you are not denying that you said that to General Secord?

Mr. **North**. Absolutely not.

Mr. **Nields**. So what you are telling us is that you falsely told General Secord that you had had such a discussion with the President?

Mr. **North**. Yes.

Mr. **Nields**. I would like to return to the HAWK transaction.

Sometime in mid-November of 1986, were you asked to prepare summaries of the U.S. Government's involvement in arms sales to Iran?

Mr. **North**. My recollection, Mr. Nields, is that I was asked shortly after the revelations in *Al Shiraa* and then subsequent pickup by that by the American media, to prepare a chronology of the facts. And my recollection is that the very first of those was prepared during a rather frantic period of time during the first week or so of November and that my first effort at that was probably about the 7th of November.

And it was simply an effort to factually recount what had happened.

I think there are two things, if I may just explain something to you, to explain some of the bewilderment you may be seeing not only in me, but in perhaps other witnesses who worked at the NSC.

We all sincerely believe that when we sent a PROF message to another party and punched the button "delete," that it was gone forever.

Wow, were we wrong.

And you have before you now recollections of facts or collections of facts as they were communicated back and forth to one another, for example, in November of 1985 or December of 1985, that we did not have at our disposal in November of 1986.

Mr. **Nields**. You are saying that when you pushed the delete button on a PROF message, you thought it was gone from the system forever?

Mr. **North**. That is correct.

Mr. **Nields**. Are you also saying that if it was gone from the system, that you could pretend it never happened?

Mr. **North**. That is not what I said, counsel.

What I was trying to explain to you is perhaps one of the reasons why some people seem to be confused about events a year earlier. OK?

When they didn't have much of what transpired in terms of authorities and descriptions and facts in 1985, they didn't have in their files anymore. Those weren't retrieved until after the Tower Commission found a way to pull them all back up.

Mr. **Nields**. When you pushed the delete button on the PROF system, it didn't erase your memory, did it, sir?

Mr. NORTH. No.

Mr. NIELDS. And you recall, do you not, being intimately involved in the shipment of 18 HAWKs to Iran in November of 1985?

Mr. NORTH. I was indeed intimately involved in the shipment of HAWKs to Iran in 1985.

Mr. NIELDS. And that wasn't erased from your memory when you erased, pushed the delete button on the PROF message?

Mr. NORTH. Not at all.

Mr. NIELDS. And during the month of November, you prepared a number of these chronologies.

Mr. NORTH. During the month of November 1986.

Mr. NIELDS. 1986.

Mr. NORTH. That is correct.

Mr. NIELDS. And the committees have a number of these chronologies which we were given which have been obtained from your office at the White House.

The most recent, the final version, was done on November the 20th, and is exhibit 23 in your second book of exhibits.

Mr. NORTH. While counsel gets that out, I would take issue with one word you just said, counsel, and that is final version. I don't believe that prior to my departure a final version was ever done or completed.

Mr. NIELDS. It is marked "historical chronology."

Mr. NORTH. I agree, but I think there were several other versions that said that, too. If you notice——

Mr. NIELDS. We have been provided none that say "historical chronology," other than this one.

Mr. NORTH. If I may, counsel, in the upper righthand corner you see a date, 11-20-86, and then 2000—that is 8:00 p.m., in the evening, and that means that there was at least one earlier version and that this was a draft being prepared that would be updated further, and the reason why we put the date and the time is that they were changing so fast that I had to know which version someone else had commented upon in order to put their version of the facts into the chronology.

Mr. NIELDS. You would agree that at the time exhibit 23 was prepared, you had been working on these chronologies for approximately 13 days.

Mr. NORTH. I would agree.

Mr. NIELDS. And you had been doing those in your office, your suite of offices, in room 302 of the Old Executive Office Building?

Mr. NORTH. Let's not make it sound like more than it was. I'm glad you said room 302. It was not in the basement. It is the only third floor basement in Washington.

Mr. NIELDS. I don't think you've answered the question.

Mr. NORTH. It was in my suite of offices, counsel.

Mr. NIELDS. And you had the help of other people in preparing these chronologies?

Mr. NORTH. I had the help of many people in preparing these chronologies.

Mr. NIELDS. Including people from the CIA?

Mr. NORTH. Including people from the CIA and former administration officials.

Mr. NIELDS. Mr. McFarlane?

Mr. **North**. Mr. McFarlane.

Mr. **Nields**. Yourself?

Mr. **North**. Myself.

Mr. **Nields**. Were drafts of these sent to Admiral Poindexter?

Mr. **North**. I honestly can't tell you whether this specific draft, but various drafts of these chronologies were sent to Admiral Poindexter and I believe to others within the administration, and I can't absolutely testify to that, but I will tell you that I got back to my office versions of these chronologies, and this is but one of many that had the writing of other people that I did not recognize on those margins and cross-ins and line-outs. I did not recognize the handwriting. I did know it was not Admiral Poindexter's.

Mr. **Nields**. I would like you to turn to page six of exhibit 23. I would like to refer you to the paragraph in the middle of the page that begins, "In mid-November", and I will read it.

"In mid-November, the Israelis, through a senior officer in the Foreign Minister's Office (Kimche), indicated that the Government of Israel was convinced that they were nearing a breakthrough with Iran on a high-level dialogue. The Israelis contacted a U.S. official (North) and asked for the name of a European-based airline which could discreetly transit to Iran for the purpose of delivering passengers and cargo. He specifically noted that neither a U.S. carrier nor an Israeli affiliated carrier could be used."

And I want you to focus on this next sentence——

"We were assured, at the time, that the Israelis were going to try oil-drilling parts as an incentive, since we had expressed so much displeasure over the earlier TOW shipment. The name of the proprietary was passed to the Israeli, who subsequently had the aircraft chartered through normal commercial contract for a flight from Tel Aviv to Tabriz, Iran, on November 25, 1985. The Israelis were unwitting of the CIA's involvement in the airline and the airline was paid at the normal commercial carrier rate (approximately $127,700). The airline personnel were also unwitting of the cargo they carried."

And then in the next paragraph it says, "In January, we learned that the Israelis, responding to urgent entreaties from the Iranians, has used the proprietary aircraft to transport 18 HAWK missiles to Iran in an effort to improve the static air defenses around Tehran." The statement, "We were assured at the time that the Israelis were going to try oil-drilling parts as an incentive" is false, isn't it?

Mr. **North**. There is much of what is in that paragraph that is false, and it was false because we were at that point in time making an effort to disassociate ourselves with the earlier Israeli shipments.

Mr. **Nields**. For what reason?

Mr. **North**. Well, I can't answer part of that, because I am not sure that even today I know all of the reasons. My understanding was that because we had so many times told—well, let me back up just a second. There is no doubt that the Iranians were absolutely furious about the November HAWK shipment. The Iranians had apparently been promised something that would do considerably more than what a HAWK missile could do, and that promise apparently had been made by the Israelis through Mr. Ghorbanifar to the Iranians. They were indeed beside themselves, they accused the shipper of cheating, et cetera, et cetera.

We, in our discussions with the Iranians, starting in February of 1986, dissociated ourselves from that shipment. By 1986, in November, my concern and my principal concern was that if we associated ourselves now at this point with the September and principally October shipments—excuse me—November shipment of HAWKs, that we would jeopardize the hostages and potentially jeopardize the Second Channel, both of whom could be placed at great risk by that revelation. There may also have been other motivations.

There is no doubt that that paragraph has several inconsistencies with the truth. I was deeply involved in that shipment because I got a phone call from Mr. McFarlane in Europe that you now have a copy of, the contemporaneous notes that I made at the time, actually the first call I got was from an Israeli official, and it wasn't Mr. Kimche, it was from an Israeli official who was visiting the United States in New York who apprised me that he had just talked to Mr. McFarlane, and Mr. McFarlane had told him that he should call me and that I would "fix it."

I think it was while I was still on the phone with this Israeli official calling me from New York that I got a call from Mr. McFarlane, who told me I would be called shortly by an Israeli official. Mr. McFarlane was, at the time I believe, at the Summit in Geneva. I told him I was already on the phone with the official and he told me take care of it.

Mr. NIELDS. Colonel North, I am going to ask you in a while to tell us the story of this transaction. But just for the moment, my question was more limited. I think you have answered it.

I will put another one to you. I think you may have answered this, too.

You knew the statements in this paragraph were false?

Mr. NORTH. Absolutely, yes.

Mr. NIELDS. And Mr. McFarlane knew that they were false?

Mr. NORTH. Yes.

Let me just—I am not here to impugn anyone else's testimony. I am here to tell you the facts as I know them. I don't know what Mr. McFarlane knew.

I will tell you that Mr. McFarlane and I had a number of conversations about this transaction in November of 1985 and that I recorded in my notebooks records of that. I trans—I communicated with both Mr. McFarlane and Admiral Poindexter about this transaction. I got authority to use a CIA proprietary.

Mr. NIELDS. At the time, you are talking about?

Mr. NORTH. Yes.

Mr. NIELDS. In 1985?

Mr. NORTH. That's correct. You are asking me if Mr. McFarlane knew in 1986 that that was true or false. Don't ask me to tell you what Mr. McFarlane knew.

Mr. NIELDS. Let me ask you this question, then: Who decided to put these false statements in this chronology?

Mr. NORTH. Counsel, I don't know who made that decision.

Mr. NIELDS. Did you?

Mr. NORTH. Well, I certainly had it typed in there. I certainly——

Mr. **Nields**. On whose authority did you type in false statements in this chronology?

Mr. **North**. I would like to point out to you, counsel, and I believe you may well have a copy of it because it probably didn't go into the shredder, there was an initial chronology prepared on or about the 7th, If you had noted from my travel schedule, I spent the 1st through the 10th of November coming and going out of the United States and I was home for a brief period. I believe it was the 7th of November. I began the chronology. That chronology reflected exactly what was taking place.

Subsequent to that—and I cannot give you the exact day or time——

Mr. **Nields**. I'll help you on that in a minute, sir.

Mr. **North**. —I was provided with additional input that was radically different from the truth. I assisted in furthering that version.

Mr. **Nields**. Who gave you that input?

Mr. **North**. It is my recollection it was provided by Mr. McFarlane.

Mr. **Nields**. Did you say to Mr.—are you telling us, you telling the committee that he told you a different version of the facts, or are you telling us that he told you to write down a different version of the facts?

Mr. **North**. I was provided with a different version of the facts. They were—I believe—transmitted to me in a note, a PROF note or an actual written memorandum that is basically what's here. It is inconsistent with what I knew to be the truth.

Mr. **Nields**. Did you say to Mr. McFarlane, "That's not the truth"?

Mr. **North**. I don't have a specific recollection of that conversation. I do know that at one point, in trying to determine who was where and when, I had in my office General Secord. When General Secord saw that version—and again, I may not be recalling it correctly, but I think Mr. McFarlane may well have been there at that point—General Secord said, "That's not true. I'm not going to help any more in this. I'm leaving." And he got up and left. And I continued to work on this version because I believed that that's what needed to be put out, because that's what Mr. McFarlane had given me.

Mr. **Nields**. Are you saying that you decided it was appropriate to put out a false version of the facts, or are you saying that you decided it was appropriate to follow Mr. McFarlane's instructions?

Mr. **North**. I am saying that I decided that I would continue to participate in preparing a version of the chronology, not necessarily what would be the final historical internal version, but a version of the chronology, that was not accurate. I did participate in that activity, wittingly and knowingly.

Mr. **Nields**. My question, sir, did you raise with Mr. McFarlane or any other person the fact that this version of the chronology was false?

Mr. **North**. Well, I believe I did. Again, I do not recall the specific discussion, but I came to believe—came to be convinced that there were good and sufficient reasons why that version had to go the way it was.

Mr. NIELDS. So Mr. McFarlane persuaded you that notwithstanding the fact that it was false, it was the wise course to put this story out?

Mr. NORTH. And again, I don't think it was just Mr. McFarlane. I mean, as the days went by between——

Mr. NIELDS. Answer with respect to Mr. McFarlane—I'm going to ask you about other people in a minute.

Mr. NORTH. Well, he convinced me to go ahead and put it into the chronology this way, yes. I mean, I did, after all—it was prepared on my machine and typed in my office.

Mr. NIELDS. I don't want there to be any unclarity in the record on this point, Colonel North, because it is an important one. I think you've answered it, but I want to make sure.

Did you bring to Mr. McFarlane's attention, prior to being persuaded, that the version he asked you to put out was false?

Mr. NORTH. Again, Mr. Nields, I do not have a specific recollection of that, "Hey, look, boss, this thing isn't tracking with reality." I believe I did. I don't recall the specific discussion.

I came to believe that there were good reasons for that. Now, I want to make——

Mr. NIELDS. And these—reasons were given to you——

Mr. NORTH. Counsel, let me finish this, please.

He lived through this thing just like I did. OK? He knew what I knew. I knew, I think, what he knew. Admiral Poindexter knew. There was at the time a record. We didn't have the specific PROF notes there before us. I don't even think I had within my office at that point in time my notebooks that reflected that. But I knew enough about what—I could remember enough about what had transpired back then to know that this version was wrong and that he knew that it was wrong, and that others, to include Mr. McFarlane, knew that that version was wrong. And I came to believe that there were good and sufficient reasons.

My reason, as I have said to you, my reason was principally the concern for the safety of the hostages and the Iranian second channel. I believed that if the proper version showing U.S. complicity and U.S. support and U.S. activity in the November, '85, HAWK shipment came to be known to the Iranians, that the American hostages could be killed and the second channel could go the same way.

I was also concerned that there may well have been in that transaction such a clear indication that the original decision had been based solely on arms for hostages, that it could in turn mean enormous international embarrassment to the administration and the President, and could well work a domestic disaster, as we now see before us.

So those were my—in order or priority—those were my concerns. I do not know what motivated others to start creating a chronology that was radically different from the facts. I have given you my reasons. I did not hear from them their reasons.

Mr. NIELDS. Was it Mr. McFarlane who made the decision to put the chronologies out in this form or was it some other person?

Mr. NORTH. Well, Mr. McFarlane at that point in time was no longer a member of the administration.

Mr. NIELDS. That was going to be my next question.

Mr. **North**. So I must defer to others who—I certainly was not the decisionmaker.

I have sat here and admitted to you that I participated in that process.

Mr. **Nields**. But you didn't make the decision?

Mr. **North**. I didn't make a lot of the decisions I am accused of making.

Mr. **Nields**. I am just talking about this one for now. We will get to others later.

Mr. **North**. Or this one.

Mr. **Nields**. McFarlane wasn't in the Government?

Mr. **North**. That is correct.

Mr. **Nields**. So although he had a point of view as to what ought to be said, he wasn't the person who got to make the decision; is that a fair statement?

Mr. **North**. I guess, yes.

Mr. **Nields**. Who did?

Mr. **North**. Well, again I don't know who the ultimate decisionmaker was. I don't know who found this ultimate version on their desk, or this perhaps final version, as you put it, because it is the last one I had a chance to prepare.

But there is no doubt that Admiral Poindexter was witting of this and, in my understanding, and my recollection of the facts of 1985, there were other people who knew that this was incorrect. Director Casey knew that this version was incorrect. If I remember the events of 1985 correctly, there was a whole cabinet of people who met in November of 1985 and December of 1985, to include the Secretaries of State and Defense, the Attorney General and others who participated in those activities.

So I didn't consider myself to be the lone wolf out here creating paper that nobody else knew about.

Mr. **Nields**. Was the Attorney General aware in November of 1985 that 18 HAWK missiles had been shipped to Iran?

Mr. **North**. I did not specifically address it to the Attorney General in November of 1985. I do remember discussions that included the Attorney General subsequent to this event.

I believe there was one that Mr. McFarlane referred me to in December that I believe may well have addressed this issue because, when he joined me in London, we talked about how to fix the problems that had been created by the September and November shipments.

One of the issues that had already come up by then was a draft Finding prepared in concert with Mr. Sporkin, who was at the time the general counsel of the Central Intelligence Agency. I was led to believe, or at least came to believe, in 1985 that Mr. Sporkin had gotten the acquiescence or support—either he or Director Casey—of the Attorney General in that November Finding.

The November Finding specifically referred to prior actions.

Mr. **Nields**. Ratified them?

Mr. **North**. Ratified prior actions.

Mr. **Nields**. Was that Finding ever signed?

Mr. **North**. It is my understanding that the Finding was signed.

Mr. **Nields**. What is the basis for your understanding?

Mr. NORTH. I believe, although I do not recall specifically, but I believe I saw a signed copy of that Finding.

Mr. NIELDS. Where?

Mr. NORTH. Admiral Poindexter's office.

Mr. NIELDS. Did you have a copy of it in your office?

Mr. NORTH. I did not. I had a draft copy.

Mr. NIELDS. When did you see the signed Finding?

Mr. NORTH. I think I may have seen a signed copy of it in early December.

Mr. NIELDS. Of what year?

Mr. NORTH. 1986—sorry—'5.

Mr. NIELDS. That Finding referred only to arms and hostages; isn't that true? It didn't refer to any broader purposes?

Mr. NORTH. Exactly. And that, as I indicated a few moments ago, I perceived to be a serious deficiency in that Finding.

Mr. NIELDS. And a serious problem therefore with exposure of the HAWK shipment?

Mr. NORTH. Exactly. The exposure of the HAWK shipment—again, my priorities, safety of the hostages, safety of the second channel, the international repercussions of a—what clearly in that initial Finding sent to the National Security Adviser by Director Casey was nothing more than an arms for hostages swap.

I would point out that Mr. Sporkin and I worked diligently over the course of the next few days and weeks to prepare a Finding which addressed what I thought were the broader issues and what I clearly believe Mr. McFarlane believed to be the broader issues and certainly Admiral Poindexter in support of the broader issues.

Mr. NIELDS. I want to return—we will come back to these subjects in a minute, Colonel North. But I would like to return to the chronologies and to the question of who it was in the administration that decided that the false version of the facts should be put forward.

Did Admiral Poindexter make that decision?

Mr. NORTH. I don't know. I did not ask Admiral Poindexter if he had run this decision up the line.

Mr. NIELDS. Do you know it went at least as far as Admiral Poindexter?

Mr. NORTH. Oh, yes. I know that he had versions—not necessarily this one, but he had versions of this chronology which reflected that kind of language, that is correct, that I had given him.

Mr. NIELDS. And did he ask you to put that language in?

Mr. NORTH. No. As I indicated earlier, I had gotten that language from Mr. McFarlane.

Mr. NIELDS. So you got the language from McFarlane. He persuaded you it was appropriate to put it in?

Mr. NORTH. Who is "he"?

Mr. NIELDS. McFarlane.

Mr. NORTH. Yes.

Mr. NIELDS. You put it in and you sent copies of the chronology with that false version in it to Admiral Poindexter?

Mr. NORTH. And others.

I want to point out that I got back—as I was preparing—and there were many, many versions——

Mr. NIELDS. What——

Mr. NORTH. I got back in my office handwritten notes on the marginalia on each of the documents, many of the documents, notes from various people that were not recognizable to me, people making editorial changes, if you will.

Mr. NIELDS. Did you discuss the wisdom of putting out a false version of the facts with Admiral Poindexter?

Mr. NORTH. I may have. I don't recall a specific discussion with—again, it was—he and I knew what had transpired back in November of '85. He and I knew that this version of the document was wrong, intentionally misleading, showing a separation between the United States and Israel on the activity.

Mr. NIELDS. Let me put it to you this way, Colonel North. You have indicated that there were reasons that were given to you and that you had in your own mind why it was a good idea to put forward this false version.

There were some reasons——

Mr. NORTH. I don't believe I said people gave me reasons.

I think what I told you were my reasons as I understood them. Whether I collected that up as the wisdom of other people, I don't recall.

Mr. NIELDS. You also said you were persuaded by Mr. McFarlane.

Mr. NORTH. Yes.

Mr. NIELDS. And I take it when he persuaded you, he gave you some reasons?

Mr. NORTH. Again, I told you that I don't recall that specific discussion. I supposed there was one. I didn't willingly, you know, just willy-nilly do this kind of thing.

Mr. NIELDS. In any event, my question to you, sir, is: There were reasons on the other side, were there not?

Mr. NORTH. Would you give me—I don't understand your question about reasons on the other side.

Mr. NIELDS. There were reasons—well, I'll give them to you and see if you agree.

First of all, you put some value, don't you, in the truth?

Mr. NORTH. I put great value in the truth. I came here to tell it.

Mr. NIELDS. So that was—that would be a reason not to put forward this version of the facts?

Mr. NORTH. The truth would be a reason not to put forward that version of the facts. But, as I indicated to you a moment ago, I put great value on the lives of the American hostages. I worked hard to bring back as many as we could. I put great value in the possibility—that we could have ended the Iran-Iraq war.

Mr. NIELDS. We will get back to that in a minute.

Mr. SULLIVAN. Let him finish, counsel.

Mr. NORTH. —and we had established for the first time a direct contact with people inside Iran who might be able to assist us in a strategic reopening and who were at great risk if they were exposed.

And so, yes, I put great value in the truth. As I said, I came here to tell it. But I also put great value on human life. And I put great value on that second channel, who was at risk.

Mr. NIELDS. By putting out this false version of the facts, you were committing, were you not, the entire administration to telling a false story?

Mr. **North**. Well, I am not trying to pass the buck here. OK? I did a lot of things, and I want to stand up and say that I'm proud of them. I don't want you to think, counsel, that I went about this all on my own. I realize there's a lot of folks around that think there's a loose cannon on the gun deck of state at the NSC. That wasn't what I heard while I worked there. I've only heard it since I left. People used to walk up to me and tell me what a great job I was doing.

The fact is there were many, many people, to include the former Assistant to the President for National Security Affairs, the current National Security Adviser, the Attorney General of the United States of America, the Director of Central Intelligence, all of whom knew that to be wrong.

Mr. **Nields**. We understand that, Colonel. I take it one of your functions was to give people above you in the hierarchy advice?

Mr. **North**. That is correct.

Mr. **Nields**. And by putting out this story, you were committing, among other people, the President of the United States to telling a version of the facts which wasn't true?

Mr. **North**. Counsel, I think I have answered the question as best I can. I am not too sure who you want to blame for committing who. If you want to blame me for committing others, that is fine.

Mr. **Nields**. No one has suggested that, sir. My question to you is this: Isn't it true—and I will put it that others above you, by putting out this version of the facts, were committing the President of the United States to a false story?

Mr. **North**. Yes. That is true.

Mr. **Nields**. Did you ever say to any of those people, "You can't do that without asking the President"?

Mr. **North**. No, I did not.

Mr. **Nields**. Did you ever say, "You can't do that, it is not true, and you cannot commit the President of the United States to a lie"?

Mr. **North**. I don't believe that I ever said that to anyone, no.

Mr. **Nields**. Did anybody else in your presence say that?

Mr. **North**. No.

Mr. **Nields**. So none of these people, Director of Central Intelligence, two National Security Advisers, Attorney General, none of them ever made the argument it is not true, you can't say it?

Mr. **North**. No. And in fairness to them, I think that they had a darned good reason for not putting the straight story out, and their reasons might have been the same as mine. They may have been different, and you would have to ask them. But the fact is I think there were good and sufficient reasons at that time.

Mr. **Nields**. Did anybody ask the President?

Mr. **North**. I did not.

Mr. **Nields**. Do you know if anyone else did?

Mr. **North**. I do not.

Mr. **Nields**. Can there ever be good and sufficient reasons to put out a false story about the President's activities without asking him?

Mr. **North**. Counsel, I don't know that the President ever used this version. I know that other people did. But I don't know that the President of the United States was ever given this version. I don't know that the President ever was—had this put before him and said "use this". And I don't know that he's ever said that.

Mr. NIELDS. Well, once other people put this version out, and you have indicated that others did—I take it Director Casey among them?

Mr. NORTH. Director Casey certainly put out a part of that. And, as I said, not all of that middle paragraph you have just shown me is incorrect.

Mr. NIELDS. But some of it is, and Director Casey used it in his testimony, did he not?

Mr. NORTH. I have not seen Director Casey's testimony. I would have to see it to tell you whether he did or didn't.

Mr. NIELDS. It has been provided to you.

Mr. NORTH. So was a mountain of paper, counsel, bigger than I am.

Mr. NIELDS. You were present, I take it, at a meeting on the 20th of November in Admiral Poindexter's office?

Mr. NORTH. Let me try to recall.

Mr. NIELDS. Thursday, early afternoon, the day before Director Casey was to testify before the House and Senate Intelligence Committees.

Mr. NORTH. Yes, I was.

Mr. NIELDS. And the purpose of that meeting—I take it present at the meeting were, among other people, Director Casey, Admiral Poindexter, you, Mr. Cooper from the Attorney General's Office, the Attorney General, Paul Thompson?

Mr. NORTH. I recall—quite honestly, I didn't recall Mr. Cooper being present, but I do recall that the others were present. I also believe that Director Casey had one of his staff present with him.

Mr. NIELDS. Was it Mr. Gates?

Mr. NORTH. I don't think Mr. Gates was there for that meeting. I think maybe it was Mr. Cave. I hope I have not just given away a name I shouldn't have said.

Mr. NIELDS. No. That name is public. It has been released in the Tower Report.

Mr. NORTH. His name ought to be public. He is a great American.

Mr. NIELDS. My question is, I take it the purpose of that meeting was to go over the testimony that Casey was to give the next day?

Mr. NORTH. Yes. Among other things, yes. I mean, one of the things we were talking about, I think in a more closed meeting before this broader meeting, it was before, was how we would proceed with next steps on the hostages, and the second channel. And I think that is why Mr. Cave was there.

Mr. NIELDS. And I take it that a subject of the November HAWK shipment and what he would testify about it was discussed?

Mr. NORTH. As I recall, that was a subject of discussion, and—I had worked, as I recall, on various issues with CIA officers.

Director Casey had been away, and as I recall, had been brought back early from a trip; and I had been working with a number of his staff on various testimony preparations; and at the meeting on the 20th, I recall it a lot differently than perhaps some other people have.

My principal objective in that session was to create some closure between a CIA version, which showed this to be an "NSC operation," and make it more visible as a U.S. Government operation.

The CIA version of their chronology had said this is the NSC this, the NSC that, the NSC et cetera. My effort was to try and make closure between their version and one that would say this was the U.S. Government that did A, B, and C. Nonetheless, the portion that dealt with the November HAWK shipments was in part in error.

Now, I understand there is a lot of heroes walking around that have claimed credit for exposing the fraud, et cetera. Let me just make note as to what I recall and what I recorded at the time.

And you have my notes. After we left that meeting, I do not recall, incidentally, a great debate over whether the U.S. Government knew or whether the CIA knew what was aboard the airplane.

I very clearly knew what was on that airplane. So did Director Casey know that I knew what was on that airplane. The issue, as far as I was concerned, was what did the CIA know? I had told the CIA after my discussions—this is going back to 1985—after my discussions with the Israelis, which occurred the night Mr. McFarlane called, I believe I flew up to New York, and we can go through that whole 1985 chronology if you wish.

There were subsequent discussions of the Israelis. General Secord went over and we eventually got a CIA proprietary to fly HAWKs from Israel to Iran.

I knew it, and by then the CIA knew that they were flying something for me. I never told—I don't believe—the CIA what was really on those airplanes. I don't believe. I knew. And so, in working the chronology, it was important that the CIA be able to say that they did not know what was on the airplanes at the time, and I don't believe they did. They certainly found out shortly thereafter because of the same sensitive intelligence I referred to earlier.

There was no doubt that shortly thereafter, everybody who had access to that very sensitive intelligence knew what was going on. There was a discussion, as I recall, relatively brief, in Admiral Poindexter's office which included Admiral Poindexter, Director Casey, myself, Mr. Thompson, I believe Mr. Cave, and the Attorney General, and if he says he was there, Mr. Cooper.

I just don't remember him. May have been the first time I ever met the man. I then went back to Director Casey's office over in the Old Executive Office Building, the one that was just down the hall from my basement.

And in that room, Director Casey and I fixed that testimony and removed the offensive portions. And, we fixed it by omission. We left out—it wasn't made accurate, it wasn't made fulsome, it was fixed by omission.

I know there are a lot of other heroes who have exposed all of this, but I will tell you that it was done within minutes of finishing that meeting, and it was done in his Old Executive Office Building office, right down the hall from my basement.

Mr. **Nields**. When you say the testimony was fixed, I take it, and fixed by omission——

Mr. **North**. Yes.

Mr. NIELDS. —you are saying that you and Director Casey agreed that he would say that they were told to pick up bulky cargo and that the crew on the airline was told it was oil-drilling equipment and HAWK missiles would never be mentioned?

Mr. NORTH. That is right. My recollection of that agreement, by the way, goes all the way back to a year earlier in which the discussions I had with the Israeli officials we agreed that the story line would be that they were shipping oil-drilling equipment, and so when I contacted the CIA in November of 1985 and asked them to provide the name of an air carrier that was discreet in Europe, I told them that it was oil-drilling equipment. I lied to the CIA because that was the convention that we had worked out with the Israelis, that no one else was to know.

Mr. NIELDS. You have heard, I take it you listened or are familiar with the testimony of Mr. Cooper.

Mr. NORTH. I don't recall watching—I am reminded that I have seen the tape of some of it, yes.

Mr. NIELDS. Well, I will tell you, if your recollection needs refreshing, that Mr. Cooper said that he was at the meeting in Admiral Poindexter's Office on the 20th with Director Casey and others, and that you were arguing in favor of changing Director Casey's testimony so that instead of saying the CIA didn't know there were HAWK missiles, that the testimony would read "No one in the U.S. Government would know, knew that HAWK missiles were involved."

Mr. SULLIVAN. Is that the statement, counsel, that Mr. Cooper said was written in by Colonel North on the document?

Mr. NIELDS. I am about to ask him the question concerning the writing.

Mr. SULLIVAN. Is this the same Mr. Cooper that said he would not believe Colonel North under oath?

Chairman INOUYE. I believe the question should be asked by the witness. Please advise your witness.

Mr. SULLIVAN. Excuse me Mr. Chairman. If there is a document that counsel is referring to, we would like to have our attention directed to it please.

Mr. NIELDS. Exhibit 31. But before we get to the document, I am asking you the question: Did you at that meeting argue in favor of changing the testimony so it would read "No one in the U.S. Government knew"?

Mr. NORTH. My recollection, and I appreciate your showing me this one page of this document, I think what also is important, if you have it, the rest of that document is important too because it was a multipage document.

My recollection of the meeting is that this was indeed a multipage document. It was part of the Director's preparation for his appearance before the House and Senate Intelligence Committees, and I had worked with his staff for several days prior to that to develop that testimony, because many of them didn't know what was going on in these activities.

And my concern was that the documents reflect as much as oft as possible that this was a U.S. Government activity, much of—this is a CIA-prepared piece of paper, by the way. Much of the CIA paper showed that this was a "NSC activity," and so I had urged in this meeting, "Look, you got to stop calling this a NSC activity, the NSC is not a government unto itself, despite of what some of you may believe—the NSC was an organ of the U.S. Government—and would you therefore get closure, let's take out NSC and CIA and put U.S. Government everywhere we can in the document." That is my recollection of what I was trying to do during that session.

Now, there were many other people there. The important thing is that, first of all, on this document, that's not my writing. Second of all, sitting in the room are other people who have intimate knowledge of what had transpired in November of 1985. I am not the only one in the room that knows what is going on. Perhaps Mr. Cooper didn't, but surely, with the possible exception of Mr. Thompson, everybody else did. So I am not the only one sitting in the room having a construction problem here, and I do not recall emphasizing the U.S. Government aspect of it.

And when we went back to Director Casey's Office, my recollection is we simply deleted the whole line and went back to the version that said the CIA was told that it was oil-drilling equipment.

Mr. NIELDS. Just to make sure the record is clear, are you saying that you don't remember whether you argued in favor of saying no one in the U.S. Government knew, or are you saying that you didn't?

Mr. NORTH. I am saying I don't remember arguing for that particular proposal. I do remember arguing to put everywhere we could into the many pages of this testimony the words "U.S. Government" and to delete words like the "NSC" or the "CIA" and to put in as many places as possible an emphasis on a U.S. Government activity.

And one of the reasons why I thought it was important is because going all the way back to November and December of 1985, I was in contact with officials in the Department of Defense trying to find out what does a HAWK cost, or what—eventually what does a TOW cost for replacement purposes and things like that. So there were many people in our government who knew what I was doing. Among them were the people in that room, with the possible exceptions of Cooper and Thompson. But surely everybody else in that room knew what had happened.

We had even gone to the Attorney General in the period of time when Mr. Sporkin was the general counsel trying to get a ruling on a previous Attorney General's decision that it was legitimate to do these things, that it was legitimate to ship these kinds of arms under a Finding.

Mr. NIELDS. Would it be correct to say that you do not deny arguing in favor of writing no one in the U.S. Government found out that the airline had hauled HAWK missiles?

Mr. NORTH. I deny that——

Mr. SULLIVAN. Excuse me.

Counsel, I don't believe you have attached the page with that language on it. We only have one page here. Do you have a second page?

Mr. NIELDS. It's on that page.

Mr. SULLIVAN. Well you have done pretty well—in making it impossible to read. Where is it?

Mr. **Nields**. I'll read it to you. It is in the third to the bottom paragraph, middle of the paragraph. The words "We in the CIA did not find" is crossed out and above it is written, "No one in the USG found out" or "found"—that is what is written in, and the rest of the sentence reads, "out that our airline had hauled HAWK missiles into Iran until mid-January, when we were told by the Iranians."

Mr. **North**. I deny that that is my writing.

Mr. **Nields**. That isn't my question. Do you deny that you argued in favor of that change?

Mr. **North**. No. Again—but I don't recall the emphasis of the meeting being on that change.

Mr. **Nields**. Do you know who wrote the words, "No one in the USG found"?

Mr. **North**. I haven't the slightest idea whose writing that is on any of that. My looking at this xerox copy, you have several different, at least, penmanship styles. I have no idea whose writing it is. I know it is not mine.

Mr. **Nields**. I would like to go back to the reason for putting out a false version of facts in the NSC chronologies concerning the HAWK shipment.

Was the reason the fact that the pre-Finding shipments by the Israelis were in violation of law?

Mr. **North**. Well, let me just preamble that by virtue of saying I don't believe that anything I did while I was at the NSC was a violation of law, nor do I believe that anything we did while I was at the NSC was a violation of law. I didn't believe it then; I don't believe it now.

If I believed it then, I wouldn't have done it. So that is a preamble.

Now you are asking me if some people reasoned perhaps that there was some kind of flaw in the original November Finding, and I don't know that. I know that we worked very hard, Mr. Sporkin and I, and eventually with the Director himself, and I believe there was dialog with the Attorney General at about that point in time before and during the November Finding was sent over and signed. I believe that everybody thought at the time it was legitimate.

Mr. **Nields**. That isn't my question. I'm not asking about what people thought at the time. I'm asking whether the reason for putting out a false version of facts in 1986 was because people believed then that the transactions had been illegal.

Mr. **North**. That reason was never addressed to me at the time——

Mr. **Nields**. OK.

Mr. **North**. —by anyone, nor did I consider that to be such.

Mr. **Nields**. I would like to explore that.

I think the first thing to do is to refer you to exhibit 18. That is a chronology that bears the date and time of November 17, 1986, 2000, which I take it is 8:00 p.m.

Mr. **North**. Twenty hundred——

Mr. **Nields**. I'm sorry, twenty hundred.

Mr. **North**. —Military time.

Mr. **Nields**. I would like you to turn first to page 4. In the middle of the page there is a paragraph that reads as follows:

"On August 22, 1985, the United States, through the U.S. citizen intermediary, acquiesced in an Israeli delivery of military supplies, 508 TOWs, to Tehran."

Down further in the same paragraph, it states: "U.S. acquiescence in this Israeli operation was based on a decision at the highest level."

Now, Mr. McFarlane, who I gather was personally familiar with those events at the time, has told this committee that that paragraph is accurate as it is written there, and that acquiescence at the highest level reflects the fact that the President had authorized the Israeli shipment.

Then I would like you to turn the page, to page 5——

Mr. NORTH. What was the question? Did I just agree to something?

Mr. NIELDS. No. You haven't agreed to anything. If you want to disagree, you may.

The reason I didn't ask you a question is that I believe, based on your prior testimony, that you had no first-hand knowledge of that approval and acquiescence.

Mr. NORTH. I want to clarify that record if I left some question.

Mr. NIELDS. Go ahead.

Mr. NORTH. I had by that point in time already asked for the increased intelligence collection that would allow us to monitor this transaction. So there is a part of that that's not accurate. I'm telling you now. Maybe you didn't know.

Mr. NIELDS. Which part is not accurate?

Mr. NORTH. Well, the part which says though we were not aware of the shipment at the time it was made. We were certainly aware within hours.

Let me, without saying "hours," we were certainly aware within days.

Mr. NIELDS. But in any event, there was acquiescence at the highest level, so far as you knew?

Mr. NORTH. As far as I knew, that is correct.

Mr. NIELDS. And on the next page, the first full paragraph covers the November HAWK transaction.

"In late November 1985, the Israelis, responding to urgent entreaties from the Iranians, provided eighteen basic HAWK missiles to Iran in order to improve the static defenses around Tehran. The Israeli delivery of HAWK missiles raised U.S. concerns that we could well be creating misunderstandings in Tehran and thereby jeopardizing our objective of arranging a direct meeting with high-level Iranian officials. These missiles were subsequently returned to Israel in February 1986, with U.S. assistance."

At least as far as that paragraph goes, there is nothing wrong with it, is there?

Mr. NORTH. No. It is accurate as far as it goes.

Mr. NIELDS. And I think we have already established that the version 3 days later, November 20th, contains an inaccurate description of the same transaction?

Mr. NORTH. That is correct.

Mr. NIELDS. Now, the next thing I would like you to turn to is exhibit no. 36. Do you have exhibit 36 in your book?

Mr. **North**. I have an exhibit 36, which is an extract from my notebook dated 18 November 1986 at the top of the page, it says "10:30 Keel."

Mr. **Nields**. Unfortunately, this exhibit is not yet in all of the other books, so I will ask you questions in some detail about it. I take it this is a page out of your spiral notebooks.

Mr. **North**. It certainly is.

Mr. **Nields**. Which you recently provided to the committees.

Mr. **North**. I did.

Mr. **Nields**. And it is a note reflecting an event on the 18th of November 1986.

Mr. **North**. That is correct.

Mr. **Nields**. And these are your handwritten notes.

Mr. **North**. That is my writing.

Mr. **Nields**. And the conversation took place at 10:30 in the morning?

Mr. **North**. Apparently so. Let's see if I can recall being there. Yes.

Mr. **Nields**. And it is with Mr. Keel.

Mr. **North**. That is correct.

Mr. **Nields**. Who is he?

Mr. **North**. He was the Deputy Assistant for National Security Affairs, the principal Deputy to Admiral Poindexter.

Mr. **Nields**. Is he one of the people who was given these draft chronologies?

Mr. **North**. I am sure he was. I do not recall saying "Here, Al, here is a copy of the chronologies." I would also like to point out that Mr. Keel was not, or Dr. Keel was not in the NSC staff in 1985, when these events took place, and to my knowledge, was unwitting of, somebody ought to walk out of this thing alive, you know.

Dr. Keel was, to my knowledge, totally unwitting of the use of residuals to support the Iranian—Contras right up to the very end.

Mr. **Nields**. And presumably also ignorant of the true facts relating to the November 1985 HAWK shipments.

Mr. **North**. That is correct.

Mr. **Nields**. But he is asking you some questions here, I take it, and you are writing them down?

Mr. **North**. Yes.

Mr. **Nields**. And one of the questions he asks you at the middle of the page, is: "Did this violate the Arms Export Control Act?"

Mr. **North**. I am sorry, my copy is almost illegible. OK, yes. By the way, what these are—this is a preparation session where I am being tasked to prepare Qs and As for the President's press conference the following night.

And what we normally did in the NSC for a press conference, we would, based on the media and the questions that were being asked or things that were being said, we would come up with questions and answers to what we anticipated the President could be asked at the press conference.

Mr. **Nields**. He is trying to throw tough questions at you so you can come up with good answers for him?

Mr. **North**. Yes.

Mr. NIELDS. And right below that, he says, did Israeli shipments on our behalf violate the law?

Mr. NORTH. Right. Anticipating that these could be questions that would be asked at the press conference.

Mr. NIELDS. He was bringing these questions to your attention?

Mr. NORTH. Exactly. I think there were a total of 70 or 56, or something like that. I remember bringing it back to my staff, who was not altogether pleased with the number and the deadline.

Mr. NIELDS. These were two of them that you took notes on on the morning of the 18th of November?

Mr. NORTH. Exactly.

Mr. NIELDS. Then, I would like you to turn to exhibit 37. Do you have that in front of you?

Mr. NORTH. I do. I have a page labeled 18 or 19 November 1986.

Mr. NIELDS. Mine says 18 November 1986. And about a third of the way down the page, it says, "1730, Call from JMP." And that, I take it, reflects a telephone call from Admiral Poindexter.

Mr. NORTH. Yes.

Mr. NIELDS. And that is at about 5:30?

Mr. NORTH. 1730 is 5:30, that is correct.

Mr. NIELDS. And you are taking notes of your conversation with him?

Mr. NORTH. That is correct.

Mr. NIELDS. Now, the first line refers to Kimche came to see Bud.

Mr. NORTH. Right.

Mr. NIELDS. That is Mr. McFarlane. And a little bit further down, it says, hospital in Bethesda meeting July RCM.

Mr. NORTH. Right.

Mr. NIELDS. Do you know what that refers to?

Mr. NORTH. Well, again, I don't recall the specific conversation except by looking at my notes, but I think that refers to the fact that Mr. McFarlane met with the President in July at Bethesda. The President was in the hospital in July.

Mr. NIELDS. 1985.

Mr. NORTH. After his cancer surgery, that is correct.

Mr. NIELDS. So, he is talking about the pre-Finding period?

Mr. NORTH. Exactly, and the pre-HAWK shipment period, pre-TOW shipment period.

Mr. NIELDS. And then two entries further down that said big issue then was legality.

Mr. NORTH. Right.

Mr. NIELDS. And do you recall him bringing that fact to your attention on the 18th of November 1986?

Mr. NORTH. Well, I obviously wrote it down, so I can't—I am not trying to deny that that was a question.

Mr. NIELDS. I would like you to turn to exhibit 38.

Mr. NORTH. Are we drawing a conclusion here based on this, though, counsel?

Mr. NIELDS. So far, I'm asking you questions and other people will draw conclusions, perhaps, depending on your answers.

Mr. NORTH. I'm sure.

Mr. SULLIVAN. So far, we are just reading his notes.

Mr. NIELDS. Do you have exhibit 38 in front of you?

Mr. NORTH. Right.

Mr. Nields. And is that a note that you also took on the same day, November 18, 1986?

Mr. North. It appears to be a note I took at 1800 on the 18th, a call from Mr. Armitage.

Mr. Nields. From the Defense Department?

Mr. North. Yes.

Mr. Nields. It says "1800, call from Armitage," and it has "lawyers" underlined.

Mr. North. Right.

Mr. Nields. And then underneath that, it says, "Israeli shipments in 1985, did we know about it? When did we promise to replenish the Israelis?" Do you know what those—I take it you are taking down what he is saying to you.

Mr. North. Yes.

Mr. Nields. And once again we are discussing, or he is discussing these Israeli shipments?

Mr. North. Exactly. Which is now very much in the news all over the world.

Mr. Nields. And he says "lawyers." Do you know why he has written a reference to lawyers?

Mr. North. My—and again, I don't recall the specific phone call. I bet there were a bunch of them those days. My sense is he has probably said, "Our lawyers have just asked me about what—the Israeli shipments in '85," and did we know about it and when did we promise or how. I guess it is, "When did we promise to replenish the Israelis?" And therein he has indicated, I think, that he came into that rather late, and my recollection, if you want to go all the way back to 1985 when this problem began, is that I didn't know we had an enormous problem with replenishment until after I got involved in trying to get an airplane to move the Israeli HAWKs.

Mr. Nields. Is he raising a question, or did he raise a question with you during that conversation regarding the legality of the Israeli shipments in 1985?

Mr. North. I don't remember the conversation, Mr. Nields, but I think—I don't believe Rich Armitage was initially engaged. My original—if I recall properly—what happened in '85—my original point of contact was General Colin Powell, who was going directly to his immediate superior, Secretary Weinberger.

At some point along this effort to find a way to replenish, Mr. Noel Koch became a point of contact, and subsequent to that, Mr. Armitage became a point of contact. So he is probably trying to reconstruct what happened before he became a point of contact on replenishment.

And my answer to him is, and I don't remember what I said, I may have said, "I'll have to get back to you," which I had to do a lot at that point in time, things were busy, but my recollection is that we had made a commitment unbeknownst to me, and it was a confusing commitment. The Israelis expected to be able, initially, the way they presented it, to have gratis given to them, 508 TOWs in replenishment for what they had shipped in August and September. And the same thing applied to the November HAWKs.

My introduction to this was a discussion with a senior Israeli official in New York, and it was not until January of 1986 that we came upon a way to actually replenish the Israeli stocks.

Mr. McFarlane described one answer that he had given to the Israelis; the Israelis described another answer that they heard about replenishment. And when Mr. McFarlane resigned in December, I was left holding the bag of how to replenish the Israeli TOWs.

We eventually got the HAWKs back, so we didn't have to replenish them. But there were clearly two different understandings as to what replenishment meant going all the way back to 1985, and I think that is why Mr. Armitage is asking the question at this point.

Mr. Nields. My question is a little bit shorter and simpler: Isn't Mr. Armitage, or didn't Mr. Armitage pass on concerns that were raised by lawyers at the Defense Department?

Mr. North. Again, my recollection of this conversation is, the lawyers have come in to him, and said, "Hey, Ollie, the lawyers are asking me about the Israeli shipments in 1985. Did we know about it? And when did we promise to replenish these guys?"

Here we are in 1986.

Mr. Nields. My question to you is: Isn't it the case that on the 18th, the day that you received three telephone calls inquiring about Arms Export Control Act raising questions of legality, you started changing the chronologies in order to deal with that question? And I am going to ask you——

Mr. North. No. The short answer is no. I think the chronologies had already started to be changed. I think my initial input from Mr. McFarlane predates this.

Mr. Nields. Well, let's check that against the record. I would like you to turn to exhibit 19.

Do you have that in front of you?

Mr. North. I do.

Mr. Nields. Excuse me, ~~that is~~ a version of the chronology on the 18th of November at 1:00 o'clock in the afternoon.

Is that correct?

Mr. North. That is correct.

Mr. Nields. And if you turn to page 4——

Mr. North. I am sorry.

Mr. Nields. If you turn to page 4, third full paragraph, last sentence of the paragraph, you will see that there is an explicit mention of the Arms Export Control Act for the first time. And it says, "The total value of this shipment was less than $2 million and therefore below the threshold for required reporting of a military equipment transfer under the Arms Export Control Act."

Mr. North. Right.

Mr. Nields. So whoever is drafting these chronologies is now taking account of the Arms Export Control Act requirements.

Mr. North. Correct.

Mr. Nields. But there are a couple of problems, I take it. One is that the HAWK transaction was well over $2 million. Isn't that true?

Mr. North. That is true, but it didn't happen quite the way it was intended to happen.

The HAWKs eventually ended up back in Israel.

Mr. NIELDS. But over $2 million was paid to Israel, indeed $18 million was paid to Israel.

Mr. NORTH. I am sorry?

Mr. NIELDS. Isn't that correct? Eighteen million dollars was transferred from the Iranians to the Israelis and then later returned, isn't that true?

Mr. NORTH. I do not know if that is true or not.

Mr. NIELDS. Well, we will get to that later.

I believe it is mentioned in your PROF message, which was not deleted.

Mr. NORTH. That old delete button. I am not denying that, Mr. Nields. All I am saying is that what you just told me about money being transfered didn't come to the United States, I don't believe.

Mr. NIELDS. I didn't suggest that it did. I said it went to the Israelis.

Mr. NORTH. From the Iranians.

Mr. NIELDS. Yes.

Mr. NORTH. OK.

Mr. NIELDS. Then I would like you to turn to exhibit no. 20.

Chairman INOUYE. Mr. Nields, is this a good place to stand in recess?

Mr. NIELDS. In one question it will be, Mr. Chairman.

Chairman INOUYE. Please proceed.

Mr. NIELDS. Exhibit no. 20 is a chronology also written on the 18th and this one at 7:30 p.m., I believe that is after all three of these telephone conversations raising legality, lawyers' questions, and I will ask you to turn to page 12. You will see at the bottom of the page some new language added into the chronology that says, "During the course of this operation—and before—the U.S. was cognizant of only two shipments from Israel to Iran. Specifically, the Israelis acknowledged the August 1985 shipment of 508 TOWs after it had taken place."

The word "after" is underscored. Then at the end of that sentence, it says, "We subsequently agreed to replace these TOWs in May of 1986."

Mr. NORTH. Actually, we agreed to replace them earlier than that, but weren't able to do so until May of 1986.

Mr. NIELDS. But this document doesn't say so. It only mentions activity post-Finding. Is that correct?

Mr. NORTH. Well, it was post-Finding. I think the actual understanding I reached with the Israelis on replacing the TOWs was reached in January, late January in a meeting in Europe.

Mr. NIELDS. Then at the bottom of that page, it says, "The November 1985 shipment of 8"—which is, I take it, a mistake?

Mr. NORTH. Yes.

Mr. NIELDS. —"Israeli HAWK missiles was not an authorized exception to policy."

So wouldn't it be fair to say, Colonel North, that you are or whoever is drafting these chronologies, on the 18th, is trying to deal with the issues raised by the Arms Export Control Act that had been brought to your attention during the course of the day?

Mr. NORTH. I am sure that is the case.

Mr. NIELDS. And then it was 2 days later that the narrative version was changed completely so as to deny any knowledge of the

HAWK transaction and to assert our belief that it was oil-drilling equipment.

Mr. NORTH. I believe that the Director's testimony was changed to reflect that the CIA was told——

Mr. NIELDS. I am referring you to the chronology now.

Mr. NORTH. OK. Yes.

Mr. NIELDS. Mr. Chairman, thank you.

Chairman INOUYE. The hearing will stand in recess until 2:00 p.m. this afternoon.

[Whereupon, at 12:05 p.m., the committees recessed, to reconvene at 2:00 p.m., the same day.]

AFTERNOON SESSION

The Select Committees met, pursuant to recess, at 2:00 p.m., in room 325, Russell Senate Office Building, Hon. Daniel K. Inouye (chairman of the Senate Select Committee) and Hon. Lee H. Hamilton (chairman of the House Select Committee) presiding.

Chairman INOUYE. The hearing will please come to order.

Mr. Nields?

Mr. NIELDS. Thank you, Mr. Chairman.

Colonel North, this morning you were answering questions concerning what was said about transactions that occurred in 1985. This afternoon I would like to ask you what actually did happen.

Perhaps we could take first the August-September shipment of TOWs. And I think it might be most helpful if you simply would describe for the committee what your understanding and role was in that transaction at the time it happened.

Would you do so, please, sir?

Mr. NORTH. The August-September 1985, shipment is the one I believe you are referring to, sir?

Mr. NIELDS. Correct.

Mr. NORTH. I am working without refreshed recall.

Let me do the best I can to remember back to that period of time.

I had had several meetings with Mr. Ledeen which led to a meeting or two, with two Israeli citizens, private citizens, and then a subsequent meeting, as I recall, with Mr. Ghorbanifar.

That, in turn, led to a meeting with Mr. Kimche, and I believe all of these took place prior to the September shipment.

Mr. Kimche and Mr. McFarlane then had a meeting, as I recall; and I was aware, I think by virtue of the sensitive intelligence, at the time that the Israelis were indeed involved in a transaction.

I did not know at the time the exact nature of that, I don't think, but I did know that as a consequence, an American hostage or two was expected to be released.

I was instructed to take precautions for that eventuality. We did so.

Reverend Weir was picked up in accord with what we expected to happen, delivered to a U.S. vessel, and then shortly thereafter brought to a U.S. military installation here in the United States.

I met him and brought with me a letter from the President asking his assistance as best he could give it and expressing the President's well wishes on his release from captivity.

I don't have a specific recall of many things happening in between, although I believe I had another meeting with Mr. Ghorbanifar.

My next very specific recollection are the series of phone calls I described to you on or about the 17th of November.

Mr. NIELDS. I would like to stop you and ask you some questions about the TOW transaction, if I may, first.

Mr. NORTH. Yes.

Mr. NIELDS. Who are the two Israeli citizens?

Mr. NORTH. Mr. Schwimmer and Mr. Nimrodi.

Mr. NIELDS. Were the meetings that you described with Mr. Ledeen, Mr. Schwimmer, Mr. Nimrodi, and Mr. Ghorbanifar meetings in which arms were discussed?

Mr. NORTH. I believe they were, yes.

Mr. NIELDS. And hostages?

Mr. NORTH. Oh, yes. But also discussed were the broader purposes for an opening with Iran, the opportunity to end Shiah fundamentalist terrorism.

Mr. NIELDS. What was your authority for participating in those meetings?

Mr. NORTH. Well, Mr. McFarlane's authority as a NSC staffer.

Mr. NIELDS. So that Mr. McFarlane was aware of the fact that you were having these meetings and he had authorized them?

Mr. NORTH. I did keep Mr. McFarlane apprised of those. Yes, I did. Normally through the PROF system, I think.

Mr. NIELDS. Was it your understanding that Mr. McFarlane had already had similar meetings himself with either the two Israeli citizens, Mr. Ghorbanifar, or Mr. Kimche?

Mr. NORTH. I came to the understanding—and I am not sure exactly when it was—that Mr. McFarlane and Mr. Kimche had met several times; and, further, that there had been by the time—I guess October-November got around, that there had actually been discussions of this with the President.

I was not a party to any of those discussions with the President, but I was told at some point that the President had authorized these Israeli transactions to proceed during the summer, in July.

Mr. NIELDS. And I think you may have said this, but when did you first become aware of the fact that the President had authorized these transactions?

Mr. NORTH. My first awareness of a specific Presidential transaction—or authorization for a transaction is, as I recall, in the time period when we were engaged on the HAWK shipment, wherein I believe I have a—I made a recording, a note to the effect that Admiral Poindexter told me that the President had authorized it to proceed.

Mr. NIELDS. Were you ever told that the President had authorized the TOW shipment to proceed?

Mr. NORTH. I was at some point, yes.

Mr. NIELDS. To the best of your recollection, when?

Mr. NORTH. Well, I know I was told that in 1986, as I was preparing the chronologies. I was probably told that in 1985, or I would have asked more questions than I did about it.

Mr. NIELDS. Who——

Mr. NORTH. I don't recall it specifically.

Mr. NIELDS. Who told you in 1986 that the President had authorized the TOW shipment?

Mr. NORTH. Mr. McFarlane.

Mr. NIELDS. And assuming that you were told it earlier, do you recall anyone other than Mr. McFarlane telling you that earlier?

Mr. NORTH. No, I don't at all. But I want to make a point about, at some point in December, while I was overseas, there were meetings held at the White House among a number of Cabinet officers, in which apparently these issues were discussed; and subsequent to that, there was a Finding done giving retroactive ratification to what had already transpired, that Cabinet officers were also aware of.

Mr. NIELDS. To the best of your recollection, when did you first have meetings with either Mr. Ledeen, Mr. Nimrodi or Mr. Schwimmer on the subject of arms and hostages?

Mr. NORTH. I can't recall a specific date. I would put it in the summer of 1985.

Mr. NIELDS. And what was the purpose of these meetings? Why was the United States or any officials of the United States involved?

Mr. NORTH. Well, I don't know, other than the fact that the proposal, as it was being advanced to me, was that this is in our interests to achieve a strategic breakthrough with Iran, to establish contacts with moderate or pragmatic elements within Iran; and I happen to believe that.

I think it was in our interests. I think it still is in our interests, that if we have a means of establishing some kind of a strategic relationship with this country, that it serves our interests. And so, as I recall, the discussions started out in a very philosophical vein, but quickly moved beyond that over the course of several weeks to discuss specific activities that would allow that breakthrough.

Mr. NIELDS. What——

Mr. NORTH. I believe the very first person to raise it with me was Mr. Ledeen and then I am sure that I then raised it with Mr. McFarlane.

Mr. NIELDS. What, if anything, was the U.S. Government being asked to do or agree to?

Mr. NORTH. Well, as I understood the September—just as I now understand what I understood about September of 1985, what we were simply being asked to do, as I understood it, was to acquiesce in the Israelis providing certain munitions, and it was probably unspecified as to what they were until later on, for the purposes of opening this dialogue.

And at the same time, getting beyond the obstacle of the hostages.

Mr. NIELDS. Why, to your understanding, was it necessary to obtain U.S. Government acquiescence?

Mr. NORTH. Well, we had obviously strictures on what we can and cannot allow, what—they knew what the strictures were on what they could or could not do in accord with U.S. regulations and the like.

My guess is—and I am trying to put myself in someone else's shoes—what they wanted to do was get our acknowledgment, acquiescence, concurrence in providing these materials that they otherwise could not legally or correctly move.

And I am not sure that legally is the right word, but that is my understanding. I did not at the time understand that there was any problem with what I eventually came to call replenishment. It didn't—it was never addressed to me that way.

Mr. NIELDS. Was that discussed with the Israeli citizens or Mr. Ledeen, the issue of replenishment?

Mr. NORTH. I have absolutely no recall of the replenishment issue until November when it was basically said, OK, now what are you going to do about giving us some more TOWs.

Mr. NIELDS. I take it one thing is clear, and that is that the TOWs or the weapons that were being shipped were Israeli weapons that were in Israeli stocks, not U.S. weapons in U.S. stocks?

Mr. NORTH. It is my understanding—it would—it was my understanding at the time that there were 500 TOWs which had originally been provided by the United States to Israel that were shipped in August and September.

In fact, my original understanding was that they were all shipped in September, but eventually I learned there were two shipments of 200-plus each and that the shipment wasn't really 500, it was 504, and then they learned it was 508.

Mr. NIELDS. When, to your understanding, were these TOWs originally shipped by the United States to Israel?

Mr. NORTH. I have no idea. I was never told.

Mr. NIELDS. I would like to move on now to the period following the release of Mr. Weir, following the TOW shipment.

Did you have—following his release, was there any increased interest in the U.S. Government for continuing with this type of venture?

Mr. NORTH. Well, apparently there was. I don't have a recollection of a great deal of dialogue with me, but apparently there was a good bit of it going on elsewhere, probably at a level above me, because I did get a call from a senior Israeli official from New York in mid-November asking for my help in a problem that had developed.

Mr. NIELDS. Would you simply pick up the story of the HAWK shipment starting with that call that you received from the Israeli official and tell us in your own words what you remember? And we know that this is a more complicated story than the TOW shipment and you can rely on me to ask you some questions after you have told your narrative.

Mr. NORTH. All right, sir.

It is my recollection that on November 17, I received a phone call in the evening from an Israeli official, who was in New York, indicating a problem. I then—I think while I was still on the line with him—got a call from Mr. McFarlane. My contemporaneous note at the time indicates that the two calls were, if nothing else, sequential.

Mr. NIELDS. I take it this was a call from Mr. Rabin?

Mr. NORTH. It was.

Mr. NIELDS. And what was the problem?

Mr. NORTH. At that point, he didn't go into it in any detail. There was a problem with a shipment, a movement on the project that I knew about.

I then got a call from Mr. McFarlane from Europe telling me that Mr. Rabin would call. I told him I had already talked to Mr. Rabin. He said, "Look, you go take care of that problem." This was a transatlantic, open-line telephone call as I remember it.

So my recollection is, I flew up immediately to talk with Mr. Rabin. He then sent several of his Ministry of Defense representatives to talk with me.

It was in that period of time that I became aware of what was really trying to be moved. Now, I may have already known some of that from sensitive intelligence, but the full parameters of it were laid out for me by Mr. Rabin and his representatives.

As I recall, the Director of Central Intelligence was out of town, and in my discussions which followed with the MOD representatives, they specified a replenishment problem. In addition to solving the immediate problem of getting the HAWKs, the original number of which was to be 120, moved from Israel through a European country and then on to Iran, there was the problem of replenishing the TOWs which had been shipped in August-September.

As I recall, I made a number of telephone calls to the Department of Defense, to my point of contact. I think it was at that point either Mr. Koch or General Powell—trying to ascertain the cost of a HAWK system, the cost of a TOW system. There was a rather protracted period of time in which all of this was worked out.

I also took at that point in time a decision, with the approval of Admiral Poindexter and Mr. McFarlane, and asked General Secord to fly to Europe to see what he could do to straighten out the mess.

My recollection is General Secord was reluctant to do that. He was already busy with another covert operation, which I am sure you will want to talk about, and he was up to his ears in alligators. He nonetheless went.

There were a series of meetings he had with Israeli representatives in Europe, then in Israel, and at some point in the next—between the 17th and the 24th, I believe, he asked me for the name of a proprietary or—actually, what he asked me for is, does Langley know of any discrete airlines that can provide the services that the Israelis were going to provide themselves? And basically, it was an air-support problem that had been developed.

The reason I asked General Secord to go is he had contacts in the European country that they were planning to move these things through because of the other covert operation. He had a lot of experience in the aviation business, fixing aviation problems, particularly covert ones, and he was an expert on Iran; and so he went, met with the Israelis, met with a number of officials in the European country.

The long and short of it was, I got the name of a proprietary from the CIA. The proprietary was passed to General Secord, and he contracted with the proprietary to pick up the HAWKs. The aircraft flew to Israel, then flew in a circuitous route to Iran, and delivered the HAWKs.

I believe the actual delivery took place on or about the 24th or 25th of November.

More?

Mr. NIELDS. Yes. I'll come back to some of these issues. But I take it there was originally contemplated to ship more than 18 HAWKs?

Mr. NORTH. The original number, as I remember—the original number I was told was 80, and then I was told later on that it was 120. One hundred and twenty sticks in my mind as being the number that was eventually determined that was intended to be shipped. And I think that we had some confirmation that that was the arrangement through sensitive intelligence.

Mr. NIELDS. And can you tell us the story of why only 18 were shipped?

Mr. NORTH. It is a bit of a horror story. The original plan as had been worked out by the Israelis would have put, as I recall, either 40 or 80 on a 747 cargo jet and that would offload in a European country and reload onto other aircraft.

General Secord said that is not going to work, it is going to be too visible to people, let's move the stuff out of Israel directly. He worked that out with the Israelis and only 18 could be put into the kind of aircraft that was provided, because apparently of the configuration of the door—I defer to experts on loading airplanes for exactly what the problem was.

But it was, I think, a loading problem more than anything else, that only allowed 18 to be loaded at once.

Mr. NIELDS. That explains why only 18 went at one time. But why weren't the rest of them shipped later?

Mr. NORTH. To coin a phrase, I think the Iranians went ballistic when they saw what they got. The reason they did so is they had apparently been told by the Israelis that they were getting a system that would shoot down Soviet and Iraqi high-altitude aircraft, and the HAWK system is not a high-altitude weapons system, it is a low-altitude, defensive weapons system. And apparently they felt that they had been misled.

Now, having not been a party to whatever the Iranians were told, either by Mr. Ghorbanifar, or Mr. Nimrodi, or Mr. Schwimmer, General Secord was obviously concerned that someone had misled the Iranians at the far end and they were very upset. I mean, we could see that in sensitive intelligence. They apparently disassembled one of the 18 HAWKs, noticed that it did not meet what they had—in fact, it was the same as what they already had in their inventory from the United States, and were very, very concerned.

We became concerned at that point, or at least I did, that because of the commitments that had been made for something other than what was delivered, that we were indeed, instead of rescuing hostages, creating a situation in which they were being placed at increasing risk because of potential reprisals or something like that.

And at that point in time, a proposal was developed by which we would take these activities and exert more control over them and management over them. You just couldn't have people making commitments for American lives in faraway places and creating a situation where those who were supposedly helping to influence their release would think we were being—cheating on them, as the word that was used frequently in the sensitive intelligence.

Mr. NIELDS. I would like to go back over some of the issues arising out of this HAWK transaction. The first one I would like to address, Colonel North, is the issue of money. And I think the best place to begin is with an item out of your notebook, spiral notebook, and I believe you will find it in exhibit book number 3.

There are some documents collectively marked exhibit 69A, and I would like you to turn—they are in date order—and I would like you to turn to one which bears the date of 18 November, and there are a number of those. You have to look for one which at the top of the page says "Israeli Account Credit Suisse."

Do you have that in front of you?

Mr. NORTH. I do.

Mr. NIELDS. I would like you to take a look at the middle of the page. It says "Secord to call"—a city in a foreign country.

Mr. NORTH. Yes.

Mr. NIELDS. Underneath that, it says "Ben Yousef start buy orders at $14 million or less."

Mr. NORTH. All right.

Mr. NIELDS. While we are on that, that is the—Ben Yousef is the person at the Israeli purchasing office, I take it?

Mr. NORTH. He is.

Mr. NIELDS. And the suggestion to buy at $14 million or less has to do with the reporting requirements under the Arms Export Control Act.

Mr. NORTH. That is correct.

Mr. NIELDS. The idea being if it is under $14 million, you don't have to report to Congress?

Mr. NORTH. Someone had told me that, that is right.

Mr. NIELDS. And then under that it says, "Schwimmer move $1 million to Lake"?

Mr. NORTH. Right.

Mr. NIELDS. Lake is Lake Resources, is that correct?

Mr. NORTH. Yes.

Mr. NIELDS. And what was Schwimmer to move $1 million to Lake for?

Mr. NORTH. It is my recollection that the intention was to use that for the purpose of carrying out this whole activity.

Mr. NIELDS. Well, what activity?

Mr. NORTH. The movement of the HAWKs to Iran.

Mr. NIELDS. From where?

Mr. NORTH. Israel. And there may have been at that point in time—I may have made enough phone calls to figure out we were going to try and move stuff from the United States to replenish. I think the replenishment problem had been identified for me at that point, but I clearly understood we had—I clearly understood that the Iraelis perceived that we had made a commitment to replenish their supplies. It was made very clear to me that the numbers of weapons were an issue for them and that they needed replenishment in very short order.

I did not know at that point in time exactly what commitment had been made. Mr. McFarlane was still out of the country. I was being told by the Israelis that they had national security implications as a consequence of this and that they expected a prompt and full replenishment.

Mr. NIELDS. Right underneath, "Schwimmer move $1 million to Lake", are the words "Schwimmer to pick up HAWKs in United States."

What is that a reference to?

Mr. NORTH. I guess, and I don't remember the point in time or who I was talking to, my guess is that that is where he is buying the replacements.

Mr. NIELDS. I need to ask this again. Why is a million dollars being put into the Lake Resources account?

Mr. NORTH. As I recall, the intention of that million dollars was to cover the cost of this whole transaction in terms of renting airplanes and warehouse space and the appropriate charges for various people on the ground, those kinds of things.

That was my understanding of it.

Mr. NIELDS. Whose idea was it that a million dollars for that purpose would be put into the Lake Resources account?

Mr. NORTH. I don't recall. It was probably arrived at mutually among General Secord, the Israelis and I.

Mr. NIELDS. Now——

Mr. NORTH. I am not sure who actually originated the figure. I am sure the Lake Resources account was one that was known to me and since he was going to be the one that was the charter agent, my sense is it was kind of mutually arrived at.

We were very concerned that they had demonstrated a certain ineptness in trying to pull this whole thing off.

Mr. NIELDS. General Secord has testified in front of this committee that he left for the foreign country, European country, on the 19th, that either that day or the 18th was the first time he was contacted, and that it was his job at that point in time to do nothing other than facilitate the obtaining of landing rights for Israeli aircraft in the foreign European country. And that it wasn't until sometime after he arrived in the foreign country that he had any responsibilities at all having to do with transporting arms.

Is your recollection different from his?

Mr. NORTH. Not necessarily. I am just saying that I thought maybe I had contacted General Secord as early as the 17th, after I had been contacted by Mr. McFarlane and the Israelis, and my sense is that that is how this whole thing evolved; that there was a consideration to have us take over the management of this thing, that it was royally fouled up, and to fix it and that that right there would be the funds necessary to make this transaction work.

Mr. NIELDS. Are you referring now when you say this transaction to the movement of Israeli HAWKs from Israel to Iran or are you referring to the flying of HAWKs from this country to Israel?

Mr. NORTH. I don't recall whether we had actually gotten to the point where we were actually thinking of the second phase or not, but it was at least the first and if not both.

Mr. NIELDS. Well, are you saying that as of the 18th, Mr. Secord was the one who was going to take care of transporting and paying for the cost of transporting Israeli arms?

Mr. NORTH. No, I think what we are talking about is trying to arrange a better way of doing it and having him be the person to do that, and I—if my notes are accurate and I made that notation of the 18th on the 18th, the ideas at least occurred to me as early as the 18th, and so whether I actually communicated that to them, my recollection is that this all came out of a mutual understanding among the Israelis, General Secord and myself and probably Admiral Poindexter and Mr. McFarlane; although Mr. McFarlane may well not have been aware of it specifically at this point because he was still overseas.

Mr. Nields. How did you arrive at the figure of $1 million dollars?

Mr. North. I have no recollection of it at all. Although we did see in the sensitive intelligence large quantities of money which were being moved to take this process forward.

I confess not to be able to remember how the $1-million-dollar figure came up.

Mr. Nields. Was the $1 million dollars to cover both the transporting of arms from the United States to Israel and from Israel to Iran or just one?

Mr. North. Well, as I said just a moment ago, it was at least the latter and may well have by this point in time included both.

I simply don't recall.

Mr. Nields. Now, our records reflect that $1 million dollars was actually deposited into Lake Resources on the 20th of November, which is also earlier than Mr. Secord testified was the first time when he had any obligations whatever with respect to transporting merchandise. And I need to ask you this question, it is an important question.

Was there any understanding or discussion that a million dollars would be deposited into the Lake Resources account for the benefit of the Contras?

Mr. North. Not at that point, no. I do not recall a specific discussion of that until much later.

Mr. Nields. And when was the conversation that you do recall?

Mr. North. My sense is it was sometime in January or maybe even February when the Israelis were asking what about the rest of the money that was originally put up for the November HAWK movement, since we didn't do all that was to be done, where is the rest of the money? And I told them we used it for the purpose of the Contras, and they acknowledged that.

Mr. Nields. When you say acknowledged, you mean they acquiesced?

Mr. North. No one ever came back and asked for it again.

Mr. Nields. What was your authority for using that money for the Contras?

Mr. North. Well, I don't know that I actually had any in specific. By the end of January and early February, we had come to a conclusion that we were going to proceed to use funds generated by the sale of arms to Iran to support this initiative.

And we came to that through a rather circuitous route: And if you would like, I can lay that out for you, and it is important to the whole decision process on the use of residuals or profits.

Mr. Nields. We will want to hear your testimony on that, I can assure you, but for the moment, I would like to stay with this million dollars. I take it the million dollars was used for the Contras prior to mid-January of 1986.

Mr. **North**. I don't know that. I don't know that it was actually done before—anything was actually bought for the Resistance prior to any specific date. I don't know.

Mr. **Nields**. But I take it that you do recall having a conversation with the Israelis sometime in January and telling them that the money had been used for the Contras.

Mr. **North**. Or was being used, words to that effect, yes.

Mr. **Nields**. I take it what you are saying now is that you had, with respect to that, the use of that million dollars for the Contras, you had not sought or received any approval from people higher in the U.S. Government?

Mr. **North**. I don't know that I did. I am not saying that I didn't. I think I may have apprised Admiral Poindexter at some point that I had done that. But I did not—I do not have a specific recall of that at this point, no.

Mr. **Nields**. But you are telling the committee that you did not discuss with Mr. McFarlane or anyone else in the Government at the time the money was put into the Lake Resources account that it was a contribution for the Contras?

Mr. **North**. No. In fact, I specifically do not believe that the original intention of that money was, and if you are saying you got an indication that on the 20th the million dollars mentioned here is indeed deposited, I am not going to debate that, I don't know when the money was actually put in, or even if it was $1 million.

But I do know that we had had a discussion with them about making that kind of a deposit. My recollection is it was to be used to fund this transaction.

In other words, it was a covert operation being funded through this mechanism.

Mr. **Nields**. There is also an entry in your diaries on November the 24th——

Chairman **Inouye**. Mr. Nields, before proceeding, I should advise the panel that these documents have not been made available to the panel. They are still not declassified. So, I hope you will be very careful with that.

Mr. **North**. Mr. Chairman, if I may, there is a name on that particular page that I believe we have an understanding will not be used, and I would ask, please, sir, before any of these documents are distributed outside the committee, that that name be stricken from those documents.

Chairman **Inouye**. At this moment, there are only two documents available, one in your hands and one in the hands of the counsel. After this questioning, these two will be collected and declassified and made public. And I can assure you that the name will not appear in public.

Mr. **North**. Thank you, Mr. Chairman.

Mr. **Nields**. There is a reference on a page of these notebooks bearing the date of the 24th of November. You may turn to it, if you wish, but I will tell you that it says, "Dick Copp spent 750 K in the European country that you have been testifying about. It is dated November 24. It is at the top of the page."

Mr. **North**. I see the entry, and it is certainly my handwriting.

Mr. Nields. How did you get that information?

Mr. North. Is the previous page we were looking at part of the same—are they in sequence?

Mr. Nields. I believe so.

Mr. North. I guess I got that from someone who called me, and I—maybe it is him. Was he in Portugal at that particular point in time, I guess is the question, and I don't recall.

Mr. Nields. What did he spend $750,000 on?

Mr. North. I do not know. I mean I cannot explain exactly what the entry means other than the fact that he has an entry that shows 1654, which is almost 5:00 in the afternoon. On the 24th, I have an entry that says that. My sense is he was in the process of doing something with the money in support of this initiative, but I can't confirm that.

Mr. Nields. The committees' records reflect no expenditures from the Lake Resources account other than one much smaller one for transportation costs. And my question to you is: Where did Mr. Secord get $750,000 to spend in the European country?

Mr. North. Well, he had a great deal of money at various points in time in the Lake Resources account, and I'm not even sure that this $750,000 mentioned here is part of the same transaction. I mean, at the same point in time we are talking about moving HAWKs and assisting in what was originally an Israeli initiative with Iran, he has also been deeply engaged for a protracted period of time in the covert support of the Nicaraguan Resistance, and so I don't find it inconsistent to have an entry there on that issue.

He was, after all, in a country where we had moved significant supplies through that country in support of the Nicaraguan Resistance. I simply, counsel, don't know exactly what that entry means at that point.

What I am saying to you is that over a protracted period of time he had indeed been spending large sums of money in that country for the purpose of supporting the Nicaraguan Resistance and that at some point in this period of time I told him he ought to go ahead and use some of that money to support the Nicaraguan Resistance. I don't know that that is specifically the point in time or that that is specifically that money.

Mr. Nields. Are you aware of any other source of money that General Secord had available to him to spend in the European country?

Mr. North. Absolutely. I mean, he had——

Mr. Nields. I mean other than Lake Resources money.

Mr. North. I'm not aware of any—well, there were a number of accounts set up as a part of this covert operation, and so there was money in accounts other than Lake Resources, I believe.

The one principal account to receive moneys in support of the covert operations was the Lake Resources account, at least as far as I knew. And so there may well have been other accounts called other things—I hope we get to that sometime—but there may well have been other accounts that were set up for the purposes of buying munitions, clothing and the like for the Nicaraguan Resistance.

So, yes, I'm aware that there were other accounts. I do not know all of them and, in fact, I didn't know many of them until these hearings started.

Mr. NIELDS. When you say there were other accounts, are you referring to accounts other than those under the control of Mr. Hakim?

Mr. NORTH. At this point in time I had not even heard of Mr. Hakim, I don't believe. But certainly I believed that General Secord had a number of accounts set up in Europe by which the Nicaraguan Resistance was being supported, yes, certainly by November of 1985, and that those accounts were going—I knew that those accounts were in one fashion or another supporting this covert operation.

Mr. NIELDS. I would like you to turn to an exhibit marked exhibit 48.

Do you have that in front of you?

Mr. NORTH. I do, yes.

Mr. NIELDS. I take it that is a PROF message from you to Admiral Poindexter dated the 4th of December 1985.

Mr. NORTH. That's correct.

Mr. NIELDS. On the third page—and it discusses both the 18 HAWKs that had been shipped and a proposal to ship other types of weapons to Iran for hostages in the near future, and on the third page at the first indented paragraph it states, "In response to Copp's demand for funds to be deposited in advance to defray operational costs and what the Iranians were told were purchases on the arms market, a total of $41 million has been deposited."

What does that refer to?

Mr. NORTH. I don't know. I would guess that may refer to money deposited in the Israeli account. But I don't know. At this point in time I can't recall what that means.

Mr. NIELDS. Down toward the bottom of the page, at the end of the last full paragraph on the page are the words "All dollars are now under our control."

What did you mean by that?

Mr. NORTH. I don't know. Maybe if I read the whole thing, I can make sense of it. I haven't seen this in at least a couple of years, and I think it might help.

Mr. Nields, without being able to sit down and review all that was happening at that point in time, I can't tell for sure. All I can think of is that all the dollars were now under the control of perhaps the United States and Israel. I'm not sure. Without sitting down and going through all of which transpired in that particular period of time, and maybe what happened just before it, I cannot tell you more specifically than that.

Mr. NIELDS. Do you recall that there was a time when some $41 million was in fact paid into Israeli accounts?

Mr. NORTH. I know there were periods of time in which a lot of money was moved into Israeli accounts, based on what they told me and others told me and what we read in sensitive intelligence. And I must admit to you that there was a number of times when we had considerable questions, the analysts and I looking at what these things meant in terms of how much money various people were making on the arrangement. I do not recall this specific one.

I suggested early on, when we first had a dialogue on this, that it would be helpful to get the original sensitive intelligence, and as yet we still don't have that. What exactly I am referring to there under "all dollars are now under our control," I just cannot recall. I don't believe it necessarily means that all $41 million that we had seen perhaps in sensitive intelligence was in a U.S. account. I don't believe that that ever hit a U.S. covert account of any kind.

Mr. NIELDS. I would like to switch to the topic of what precisely it was that was being moved from Israel to Iran. I take it it was HAWK missiles.

Mr. NORTH. Yes.

Mr. NIELDS. What was the original quantity? Was there a time when the proposal was to ship 600 HAWK missiles to Iran?

Mr. NORTH. I don't know what the original arrangement was, and I am not relying on sensitive intelligence because I can't remember it, but we saw a number of proposals being made in the timeframe late September, early October, all the way through October and into November, a number of proposals having been advanced by the Israelis with the Iranian. There were—I think the final number that I remember that we had some control over was 120, and that may even be high. It might have been as low as 80. But I don't recall us agreeing to something as high as that. But again, I may have my memory refreshed.

Mr. NIELDS. Let's take the 120. Were these HAWKs that were already in Israeli stocks?

Mr. NORTH. It was my understanding—again, having been thrown into this on the night of November 17—it was my understanding that everything at that point in time was coming from Israeli stocks.

Mr. NIELDS. Was it your understanding that any of those stocks had very recently been supplied by the United States?

Mr. NORTH. I don't recall that that was ever discussed.

Mr. NIELDS. Were you aware of any relatively contemporaneous shipments of HAWK missiles from the United States to Israel?

Mr. NORTH. I don't think so. I mean, you may refresh my memory again, but I do not know at this point in time that I knew that, no.

Mr. NIELDS. Now, I think you have testified that there were operational problems with this shipment, and I take it one of the operational problems was that there was difficulty in obtaining landing rights in the European country?

Mr. NORTH. Yes.

Mr. NIELDS. And that was one of the reasons that Mr. Secord was sent to the European country.

Mr. NORTH. That's correct.

Mr. NIELDS. And I take it that the problem of obtaining those landing rights turned into a diplomatic problem among others.

Mr. NORTH. It did.

Mr. NIELDS. And two things were done by you in order to help solve that. One of them was to contact Mr. McFarlane.

Mr. NORTH. That's right.

Mr. NIELDS. And you asked him to make a call to the Foreign Minister of the European country.

Mr. North. I don't know that it was necessarily the Foreign Minister; it might have been another official, but I did ask him to be in touch with an official of that foreign country, yes.

Mr. Nields. And the other thing that you did was to involve officials at the CIA.

Mr. North. I think we did use communications support from the CIA, that's correct.

Mr. Nields. Well, you, in fact, contacted Mr. Clarridge, didn't you?

Mr. North. Yes, I did.

Mr. Nields. And, in fact, you went out to the CIA and spent virtually all the day Saturday there?

Mr. North. What was that date?

Mr. Nields. I believe it is the 23d. You might want to check exhibit 46.

Mr. North. That is correct.

Mr. Nields. You spent most of the day on the 23d at the CIA.

Mr. North. Yes.

Mr. Nields. And that was with Mr. Clarridge?

Mr. North. I am sure that it was with Mr. Clarridge, perhaps others, but he certainly did clear me in because his signature is right there.

Mr. Nields. And indeed you returned to the CIA the following day?

Mr. North. On Sunday? I will take your word for it. I did.

Mr. Nields. And you are now looking at the second page of exhibit 46, which I take it is another sign-in sheet at the CIA for Sunday.

Mr. North. That is correct.

Mr. Nields. And Mr. Clarridge and you were in touch with the U.S. Embassy in the European country?

Mr. North. I don't recall specifically talking to the Embassy, no. I know that there were discussions that were held, and I know that there was message traffic exchanged, that is correct.

Mr. Nields. Cable traffic?

Mr. North. Yes.

Mr. Nields. And the purpose of cable traffic was to try to obtain from the officials in the European country the rights to land a plane carrying the missiles.

Mr. North. That is correct.

Mr. Nields. And they were then going to be taken off that plane and loaded onto other planes to be transported on to Iran?

Mr. North. Yes.

Mr. Nields. And at some point through Mr. McFarlane you heard that the foreign country was going to permit the plane to land.

Mr. North. As I recall, that was at one point approved.

Mr. Nields. But there was a problem because there was a condition. Isn't that true? Isn't it true that the foreign country——

Mr. North. There was a condition, I don't remember what it was right now.

Mr. Nields. Isn't it true that the foreign country wanted us to acknowledge in writing what it was that was landing?

Mr. North. That is right.

Mr. **Nields**. The actual material.

Mr. **North**. Yes.

Mr. **Nields**. The HAWKs.

Mr. **North**. Right.

Mr. **Nields**. And we weren't willing to do that?

Mr. **North**. Not at all.

Mr. **Nields**. Now, did you discuss that with Mr. Clarridge?

Mr. **North**. I do not recall exactly what I discussed with Mr. Clarridge. I know that there was a point in time where he certainly did become aware, and it may be through sensitive intelligence, because the intelligence showed what was being moved, and I did at some point along there confirm to him that it was not oil-drilling equipment but that it was HAWKs, as was very obvious to almost everybody out there at that point, because they were reading the same sensitive intelligence that I was.

When I say that point, I don't know exactly what point it is. But I did at some point confirm to him that that's what was taking place, and that—and it may have been after the fact, I am not saying that it was before the fact, and at that point Mr. McMahon was very upset with me.

Mr. **Nields**. Now, at what point was Mr. McMahon very upset with you?

Mr. **North**. As I recall, it was after the pilots returned from their mission or in which he saw a part of the sensitive intelligence. And I don't recall the specific timing, but it was at that point that we began to work on the Finding with Mr. Sporkin, I think.

Mr. **Nields**. Well, the record reflects that the Finding was transmitted by Director Casey in a cover memo, dated the 26th of November. That is Tuesday.

Mr. **North**. OK. So it would be in that timeframe, I would guess.

Mr. **Nields**. You are talking that day or earlier.

Mr. **North**. Well, yes—as a matter of fact, maybe one of the things, and I don't recall it specifically, but one of the things I may have done on that Sunday would have been to work on the Finding, although I would guess the Finding didn't actually begin until later on.

Mr. **Nields**. The committees' other information would indicate that the Finding began on a Monday.

Mr. **North**. OK.

Mr. **Nields**. But I would like to take you back to the Friday, Saturday period of time when efforts were being made to obtain the landing rights in the European country, and you ran into a snag because we were unwilling to identify the materiel in writing.

I guess first I would like to ask you: Was it your understanding that the materiel had not been identified orally?

Mr. **North**. To whom?

Mr. **Nields**. To the foreign government officials.

Mr. **North**. I am not sure that I ever had a particularly clear understanding as to what the foreign officials ever did know about that. And I guess at some point General Secord may have told me what he told them he knew, because I had briefed him before he left. But I don't know what he or the U.S. Government people on scene actually told the foreign officials.

Mr. NIELDS. Well, you can't land 120 or let's say 80 HAWK missiles in a jumbo jet, unload it, store it, and then put it back on 3 small planes at an airport without people there knowing that you are transporting something other than oil-drilling equipment, can you?

Mr. NORTH. It depends upon what they are packed in. What you just hit on is one of the reasons why we were so concerned with this whole operation to begin with.

There were major problems operationally in this thing right from the start; and what bothered me most of all, and I think I communicated that fairly clearly to my superiors, is here, fix it, and the thing is already on fire and they throw the bag to you and you know what is in the bag. That is a serious problem.

Mr. NIELDS. My question to you is, when you suggested to Mr. McFarlane that he obtain approval from the foreign government official, are you telling us that it was your understanding that Mr. McFarlane wasn't going to mention what he was asking approval for?

Mr. NORTH. I was going to leave that up to Mr. McFarlane's judgment. He knew what was on that airplane. I knew what was on the airplane. I am asking him to talk to the foreign official to get permission for him—to get the airplane on the ground. I didn't—I don't think I made a recommendation one way or the other when I communicated with him.

Mr. NIELDS. In any event, Mr. Clarridge, during this period of time, is sending cables back and forth to the Embassy in the foreign country on this same issue?

Mr. NORTH. I take it that he was. I am not sure I ever saw any of those cables, but I may have.

Mr. NIELDS. Well, I don't want to go over them one by one, but there are a number of them which have been marked exhibits and they are 61, 62, 63, 64, 65, 66, 67, 68, and 69.

You needn't read them because my question is going to be the same. My question is going to be, was Mr. Clarridge aware at the time when he was responsible for sending cables back and forth on this issue that the thing had run aground because we were unwilling to identify the cargo in writing?

Mr. NORTH. And I cannot answer that question because I don't know.

Mr. NIELDS. Do you say you don't know or you don't recall?

Mr. NORTH. Well, the way you asked your question was Mr. Clarridge aware. And I don't recall when Mr. Clarridge became aware. I do recall confirming to him at some point that it was not oil-drilling equipment, that it was HAWKs, and it was my understanding that at that point, he talked to either the Director of Operations or to the Deputy Director who became angry, and I think there may be a contemporaneous note in my notebooks to that effect.

Mr. NIELDS. In other words, you are saying that you told Mr. Clarridge what the real cargo was prior to the time the Deputy Director got angry and insisted on a Finding?

Mr. NORTH. I am not saying that for sure. I am saying that is the way it may well have happened. I do recall, although I do not recall the time and date, confirming to Mr. Clarridge when asked, "The cargo is not oil-drilling equipment, the cargo is HAWKs."

OK. Now, I cannot tell you, Mr. Nields, here at this point, a good while after the fact, when that point was.

Mr. NIELDS. But I take it you are saying it was very close in time to when the shipment actually was sent and your best recollection is that it was prior to the time that the Deputy Director hit the roof, so to speak?

Mr. NORTH. Yes.

My recollection is that is why he hit the roof.

Mr. NIELDS. Now, I am going to return to the question of what officials knew about this shipment in a moment, but before I do, I want to return to the question of why only 18 HAWKs were sent and there were no further shipments.

Was it part of the agreement, as you understood it, that all of the hostages would be released before the plane carrying missiles arrived in Tehran?

Mr. NORTH. I don't recall exactly what the arrangement was. You know, I have—having been through a number of these iterations with the Iranians themselves, with their intermediary, with the Israeli agent Ghorbanifar, with all of those actors, I would find it to be inconsistent with what happened for the following year in these transactions to believe that the Iranians had agreed to something like that.

But having not been a party to that original agreement, it was—it is much more likely that there was a phased, step-by-step arrangement made because that is the way it worked in every proposal and in every transaction that ever occurred after that.

Mr. NIELDS. Exhibit 43 is a PROF message that you sent on the 20th of November to Mr. Poindexter. And on the second page, you describe this transaction and in the middle of the first full paragraph, you say, "No aircraft will land in Tabriz until the AMCITS have been delivered to the Embassy."

Mr. NORTH. Where was that again?

Mr. NIELDS. In the middle of the first full paragraph. Take your time if you want.

My question is going to be, having read that, does that refresh your recollection in any way that that was the understanding at the time?

Mr. NORTH. Well, that is clearly what someone had told me. And I don't know whether that was the Israelis or whether that was what I was reading out of sensitive intelligence or whether that was relayed back to me by General Secord.

And it could have been all of the above. That was not something that I had negotiated. It was simply something that I was reporting back up the line.

Mr. NIELDS. Did that provide a reason not to continue with any further shipments of HAWKs? I take it no hostages came out after the—before the plane landed?

Mr. NORTH. No. There was no one released in November.

Mr. NIELDS. Did that provide a reason to stop shipments?

Mr. NORTH. Well, it may have. But what I am—what I was told, OK, in the midst of this thing, was the reason we are stopping is because the Iranians are so upset with the product that they have received, and the product that they had received, I was told, and there was apparently some confirmation of that in the sensitive intelligence, is they have been told they are going to get super HAWKs or something.

And what they got is plain old HAWKs and they were upset.

Mr. NIELDS. I understand that. We appreciate your testimony. I am going to continue asking questions to see whether it jogs any other recollections. And I take it that the fact that the hostages didn't come out is not, to the best of your recollection, the reason why the shipments stopped?

Mr. NORTH. No, but again, I am not—I don't think I was fully aware of the arrangement that had been made at that time.

Mr. NIELDS. OK now, again referring to the November 20 PROF message, one paragraph further down, you discussed the subject of replenishment. And at the end of the paragraph, you say, "I have further told them"— that is the Israelis—"that we will make no effort to move on their purchase LOA request"—and that is their purchase order I take it for replenishment HAWKs—"until we have all five AMCITS safely delivered."

Mr. NORTH. Yes.

Mr. NIELDS. The AMCITS were not delivered?

Mr. NORTH. No.

Mr. NIELDS. Therefore, you had no obligation under this particular promise to replenish and I am asking did the Israelis stop making shipments because they realized that they had no guarantee of replenishment?

Mr. NORTH. I don't know. Again, I am looking at this for the first time in a long time, but I—and my memory is jogged a little bit.

One of the problems that we came up with somewhere in this timeframe was the fact that you couldn't do it that way; and I got a very quick education in what an LOA was and how it worked, and the AECA, and the need for Findings and all the rest of that over the course of that period of time between the 17th and the 26th.

And it was a rather intense education.

Mr. NIELDS. That was going to be my next question. Did we call a halt to this thing because people in the Department of Defense told you or others at the NSC that the transactions were illegal?

Mr. NORTH. No. I think what I was getting a sense for, counsel, was the fact that, "Look, we don't know what arrangements were made, what promises were made, but you can't do it this way."

I can remember a conversation with someone over there—and it may have been Mr. Koch or it may have been General Powell—saying, "Look, Ollie you can't go and you can't have them just go in and submit a new bill."

I remember the—at one point the Israelis were talking about making a cash transaction. Well, I didn't know it, but at—they at DOD, quickly informed me that is not how it is done. And thus, we came back to the CIA route and ultimately the Finding and having the stuff purchased by the CIA from the DOD under the Economy Act.

I mean, that is—the routing of it—and it is not a sinister thing. It is simply ignorance on my part that assumed you could do it with a LOA.

Mr. NIELDS. But we have had testimony from DOD officials before this committee that not only was the replenishment a problem, but the transfer by the Israelis to the Iranians was itself a violation of the Arms Export Control Act, and our consent to it was similarly a violation.

Now, was that brought to your attention at the time?

Mr. NORTH. No, but what was—in fact, I don't think anybody—you will probably find something different, but I don't remember anybody saying,

"Ollie, what was done is wrong," but I do remember some—you know, at some point in here saying, "Look, you had a Presidential decision back in July that authorized this thing. The way you, North, are trying to go about this by making it a covert buy under a normal foreign assistance sale isn't right. The way to do it is to make a purchase under the Economy Act from the CIA, or—the CIA buys it from the Pentagon, and that is the way to do it."

What I am saying, it wasn't a matter of someone trying to evade or avoid. It was a matter of getting this kid smart, because I had been given the job of replenishing. And so, that is the way we went about doing it.

Mr. NIELDS. OK, Just to make sure my question is clear, and there are two of them——

Mr. NORTH. Yes.

Mr. NIELDS. One is, to your recollection, was this transaction halted in midstream because the Israelis got cold feet because they didn't think they were going to get replenishments?

Mr. NORTH. No. My recollection at this point in time is it was stopped solely because the product delivered was not what the buyer wanted. That is my recollection. And that was the big problem.

And it became a problem to get them back out of there.

Mr. NIELDS. You have also testified that the Deputy Director at CIA hit the roof?

Mr. NORTH. Your words.

Mr. NIELDS. And insisted—you used some expression like that. And that the CIA decided that a Finding was required?

Mr. NORTH. That is correct.

Mr. NIELDS. Did the delay in getting the Finding signed provide a reason to halt shipments?

Mr. NORTH. No, because I was led to believe, and I can't recall exactly how, but at that point in time, that the President had made a Finding, done it—made a decision back in July that authorized us to proceed.

I was then in a meeting with Admiral Poindexter or on the telephone with Admiral Poindexter to confirm that this shipment should go forward; and I have a contemporaneous note that the President redecided at that point to let this go forward.

And so, the problem that you see here is one of North, having been given, in addition to get this stuff over there, then finding out it wasn't the buyer's product that he wanted, now has a replenishment problem for the original 508 that he didn't know he started with and the whole thing is now stopped dead cold.

And that is basically where we were by the early part of January. With 18 HAWKs sitting over there, 508 HAWKs owed to the Israelis, the whole project dead in the water and people concerned.

Mr. NIELDS. Did you become aware of some kind of——

Mr. NORTH. Let me correct the record, sir. It was 508 TOWs, not HAWKs.

Mr. NIELDS. Did you become aware at some point during this time that there was some kind of an investigation or a scandal or a problem in Israel that had to do with halting further shipments?

Mr. NORTH. Not that I recall now—not that I recall that I knew then. That there was some discussion many, many weeks later as to perhaps that had—when I say weeks later, maybe months later, that that did have something to do with it. But I did not even know about it at the time.

Mr. NIELDS. When you say that the buyer was unhappy with the merchandise, did this have to do with the fact that the missiles were HAWKs, or was it the kind of HAWKs?

Mr. NORTH. Well, again, I am not a HAWK expert, but General Secord explained it to me, and I think he actually explained it to Mr. McFarlane and Admiral Poindexter at one point, but apparently what the Israelis had told Ghorbanifar and Ghorbanifar had told the Iranians—and I don't know who is to blame, I am not trying to assess that. But from what we saw in the sensitive intelligence, and what we were told by subsequent interviews with the Iranians themselves who I sat down and talked with, is they were promised something that would shoot down airplanes at 60, 70,000 feet, in excess of that, specifically Soviet reconnaissance flights and Iraqi bombers at high altitude, that those were—I was told that is what they were looking for is a weapons system to deal with that.

Clearly, the HAWK system in any version was inadequate to that task, and they expected to get some product that was different than the one they received. And I am told that is why they were unhappy and why the program stopped at that point.

Mr. NIELDS. Who in the NSC besides yourself, if anyone, was dealing with officials at the Department of Defense on the replenishment issue?

Mr. NORTH. The only other person I know for sure was dealing with a—DOD on that was Admiral Poindexter, and I guess Mr. McFarlane. I know that I had to go to Admiral Poindexter a couple of times, and say, "Hey, look, I am having a problem here with A, B, or C, and can you help?"

And he would either call or write or whatever was done. Then I would get a call back, and we would get on with it.

Mr. NIELDS. Was that the case with respect to this HAWK replenishment issue?

Mr. NORTH. Yes. Again, I am having a hard time recalling exactly what was transpiring at the time. I know I was inquiring at the DOD probably about both, the cost and the method for replenishing the HAWKs which had been shipped in September, a problem I hadn't even known about until November, and replenishing and replacing HAWKs which looked to me to be a very big problem, both in terms of dollars and in size, in weight, visibility, the whole thing.

It was just a nightmare.

Mr. NIELDS. Who had authorized you to go to the Department of Defense and seek replenishment of the HAWKs?

Mr. NORTH. Admiral Poindexter or Mr. McFarlane. I did not go to the Pentagon, nor would they have answered me when I called if

I didn't have authority. I am sorry. Were you talking about replenishment of HAWKs or TOWs, or both?

Mr. NIELDS. HAWKs.

Mr. NORTH. Well, I would guess it was the same authority for both.

Mr. NIELDS. Admiral Poindexter or Mr. McFarlane?

Mr. NORTH. Yes.

Mr. NIELDS. Do you know whether either of them communicated directly with the Department of Defense officials on the issue of replenishment of HAWKs?

Mr. NORTH. I do not. And I do not know that they ever communicated direct—for sure, that they communicated directly on the issue of TOWs. But I would like to point out that if a Marine lieutenant colonel called the Pentagon this afternoon and asked for 500 TOWs to be shipped overseas, and he didn't have a little more backing than oak leaves on his collar, they would come and collar him and take him away.

So, I had authority to do that, counsel. I want you to understand that. I don't know exactly who called who, but I was talking to General Colin Powell, who is the aide to Secretary Weinberger; at various points, I talked to Mr. Koch. I eventually ended up talking to Mr. Armitage.

When we finally got around to doing it the right way, through the Economy Act—in fact, the only way it was ever done—I was talking with CIA logisticians and logisticians out—at the Pentagon.

Mr. NIELDS. So what you are saying is that somebody, either Admiral Poindexter or Mr. McFarlane, gave you the authority to go to DOD and seek replenishment?

Mr. NORTH. Yes.

Mr. NIELDS. Do you recall reporting to one or both of them concerning your contacts with DOD on the subject of HAWKs?

Mr. NORTH. I recall reporting to both of them voluminously about this whole problem.

Mr. NIELDS. All right. You are getting——

Mr. NORTH. You probably have the records and I don't.

Mr. NIELDS. You are getting into the next area I want to take up, which is who in the Government was aware of the HAWK transactions at the time it occurred? I take it you were aware?

Mr. NORTH. I was aware.

Mr. NIELDS. Admiral Poindexter was aware?

Mr. NORTH. Yes, he was.

Mr. NIELDS. Mr. McFarlane was aware?

Mr. NORTH. That is correct.

Mr. NIELDS. You have already given some testimony about Dewey Clarridge. I would like to ask you a few more questions about that. And I would like you to turn to a page from your spiral notebooks which, again, are exhibit 69A. This one is dated the 25th of November.

Mr. NORTH. Dated again, sir?

Mr. NIELDS. It is the 25th of November, but I am actually going to ask you to take a look at the last entry on the 24th of November, first.

Mr. SULLIVAN. We seem to go from 28 October to 1 December.

Mr. Nields. I think there are a number of the pages that are—have the wrong month on them and I suspect that that is what you are dealing with. I think 28th of October, is actually 28th November. So, move backwards.

Mr. Sullivan. What is the writing on it?

Mr. Nields. On the 24th, it is the last page that has the 24th as the date on it. And at the top, it is "Dick Copp." Do you have that in front of you?

Mr. North. I have a 24 November, 1654 Dick Copp.

Mr. Nields. OK. Down in the middle of the page, there is an entry, 1852; do you see that?

Mr. North. I do.

Mr. Nields. I take it that is 6:52 p.m.?

Mr. North. Right.

Mr. Nields. And in your handwriting, it says "called to/from Clarridge".

Mr. North. Yes.

Mr. Nields. Dash—I take it this is a conversation with Clarridge?

Mr. North. Apparently so, yes. It must have been on the telephone.

Mr. Nields. And it says then, "no manifesto provided."

Mr. North. I think that is probably manifests.

Mr. Nields. Excuse me. Manifests. "George says that they have hope of talking way out." First of all, do you know what that refers to?

Mr. North. If I could remember who George was, that would help. I am not trying to be flippant about that. I don't remember. There is a telephone number written below it for George that is apparently a U.S. number. My sense is that that is talking about——

Mr. Nields. I think we won't mention his last name, but I think he's a CIA official. And I am going to ask you whether the conversation doesn't have to do with the plane.

Mr. North. I certainly sense that it has to do with the aircraft. And I would guess that the "no manifests provided" is a call from a person. In fact, if the George is in the Air Branch, that would indicate to me that he had called and said, you know, this thing is still very screwed up, there's no manifests; now what are you going to do? And——

Mr. Nields. So this is information that's coming from Mr. Clarridge to you?

Mr. North. Well, either that or I called—it says,

If you will note my note, up above, 1852, "called to, and then, from Dewey Clarridge." There may have been a series of phone calls back and forth, and I don't know which is which.

Mr. Nields. Regardless of who is calling whom, the information is flowing from the CIA to you?

Mr. North. Apparently so, yes.

Mr. Nields. And they are saying that they have hope of talking their way out. I take it these are the people who are flying the plane carrying the HAWKs?

Mr. North. My guess is that's correct, yes.

Mr. Nields. And they've got to talk their way out.

Mr. **North**. Talk their way out of wherever they are stuck, if that's what's happened.

Mr. **Nields**. They are stuck at a landing point between Israel and Iran, I take it?

Mr. **North**. I don't recall the event, but undoubtedly everything else having gone wrong with this, that went wrong, too, yes.

Mr. **Nields**. Well my question is, when you had this conversation with Mr. Clarridge about no manifests and the people flying a plane are going to have to talk their way out of it, did Mr. Clarridge know at that time what they were talking their way out of?

Mr. **North**. They're talking—it is my guess what that refers to is they are going to talk their way out of the airfield. You know, we don't have a manifest, I am sorry; we are carrying—whatever it was they were saying at the time, and we will be leaving now, kind of talk their way out of it.

Mr. **Nields**. My question is, at that point in time, was Mr. Clarridge yet aware of the nature of the cargo?

Mr. **North**. By the 24th? I do not know.

Mr. **Nields**. All right. Turn the page, if you would. It says, "25 November."

Mr. **North**. Right.

Mr. **Nields**. At the top. "7:20 a.m., call from Dewey." Do you have that in front of you?

Mr. **North**. I do.

Mr. **Nields**. This is a call from Clarridge, I take it?

Mr. **North**. Right.

Mr. **Nields**. And you are taking notes of what he's saying to you?

Mr. **North**. Yes.

Mr. **Nields**. And are there—just answer this question yes or no, please—are there words circled?

Mr. **North**. There are.

Mr. **Nields**. OK. Don't mention the words that are circled.

Mr. **North**. Understood.

Mr. **Nields**. It says, "aircraft," does it not?

Mr. **North**. Right. "Blank have told us to use blank blank."

Mr. **Nields**. And then it says, "Cargo must be listed as machine parts, spares for oil industry."

Mr. **North**. Right.

Mr. **Nields**. Now that's Mr. Clarridge telling you?

Mr. **North**. Again, by—I told you that I had originally dissembled with the Agency, in my initial contacts with the Israelis, we agreed that we would call these machine parts for the oil fields or whatever, that we specifically talked about when—in my discussions with the Israelis way back on the 17th, or 18th, that was the agreement we had come to. So I—you know, I had told people at the CIA that.

Mr. **Nields**. I understand that.

Mr. **North**. You are asking me if I by now had told Mr. Clarridge the truth about what is on that cargo, and I cannot tell you, counsel, when it was that I apprised him of it.

Mr. **Nields**. Or that he found out from some other source.

My question is, why would—if Mr. Clarridge is telling you, telling you that the cargo must be listed as machine parts, spares for oil industry, does that indicate that he was then aware of what the real cargo was?

Mr. NORTH. Not necessarily to me. Because what that may indicate is that he has made arrangements with the people in the circles through his Station Chiefs for a clearance with a manifest that reads a certain way. And what he's telling me is to go back through Copp, General Secord, and make darned sure that the proprietary is instructed accordingly.

I'm not sure what—I'm trying to answer your questions in a very straightforward manner. I don't know what question we are trying to answer here.

Mr. NIELDS. You have answered it. I think you have said that you do not know from looking at this note one way or the other whether Mr. Clarridge was yet aware.

Mr. NORTH. That's correct. But I do want you to know that there came a point in time when I confirmed to him, with integrity and honesty, yes that's what is aboard there.

Chairman INOUYE. Mr. Nields, is this a good time to take a recess?

Mr. NIELDS. I have about 5 more minutes on this topic, Mr. Chairman, and I will abide by the committees wishes.

Chairman INOUYE. Please proceed.

Mr. NIELDS. Again, on the subject of who was aware of the shipment at the time it occurred, was the President aware of the shipment at the time it occurred?

Mr. NORTH. I do not know. I was told that the President had approved it. I have a contemporaneous note to that effect.

Mr. NIELDS. In one of your notebooks.

Mr. NORTH. Yes, sir.

Mr. NIELDS. Was Mr. Casey aware of it at the time that it occurred?

Mr. NORTH. I believe he was. If he was not aware of it at that instant, it was only because he was on a trip, and I don't recall whether he had returned by this point or not. But shortly thereafter, he was fully aware because he and I met several times on the issue, and it was he who sent forward the original Finding which Mr. Sporkin prepared.

Mr. NIELDS. So you met with him on this topic, i.e., the shipment of the 18 HAWKs, shortly after the shipment occurred?

Mr. NORTH. I believe it was afterwards, yes, sir.

Mr. NIELDS. But it might have been before?

Mr. NORTH. It may have been. I would have to check to see when Mr. Casey returned from his trip. I know that he was gone, he was not in the country, or at least not available when this whole thing began on or about the 17th, or 18th.

Mr. NIELDS. You mentioned earlier the Attorney General. Was the Attorney General aware at the time that HAWKs were being shipped?

Mr. NORTH. I was told—at least I understood, I don't know if I was told, but I understood that he was because it was through that effort that we ended up getting on the right track for the Finding. And that was, I think we went searching for some kind of previous Attorney General's determination or legal opinion on the use of a Finding for these purposes. And it was my understanding I think then. and it is now, that these circumstances were explained to him.

I thought that he had seen and approved the November Finding. And he had provided an explanation for why this was the legitimate way to go about doing it. All of this on approximately the 25th, or 26th.

All Findings are reviewed by the Attorney General, and that Finding which eventually got signed by the President, I thought had been seen by the Attorney General, and I thought it was the Attorney General who had provided the earlier French Smith determination on the legitimacy of this process.

I also believed that it was the Attorney General who had, something to the effect, said,

"Look, if the President made a mental Finding back in July or June or whenever it was, that that can simply be ratified by this later Finding," and that's why those words were put into the Finding that Mr. Sporkin and I worked on. But I did not talk to the Attorney General directly about it, nor did I talk to the President directly about it.

Mr. **Nields**. OK. I want to be clear about that. You did not have a conversation with the Attorney General on this subject at or about the time it occurred?

Mr. **North**. I don't recall one, no.

Mr. **Nields**. What is the basis for your belief that he approved the Finding in November?

Mr. **North**. Well he—all other Findings were brought to the Attorney General for his—certification I guess, for the legitimacy of it. I personally carried the January Findings to him, and I believe that this Finding went through that same kind of a process, but I can't confirm it.

Mr. **Nields**. Do you believe that because someone told you it happened or because it is normal procedure?

Mr. **North**. I believe it's both, but I can't recall the specific conversation. What I am building for you is a description of various things that happened along the way that we ended up with a Finding to begin with, that the way I had been going about trying to fix the problem was not going to work and that we ended up going with a Finding to fix the problem, and even then we ended up having to go back and change it.

Mr. **Nields**. Just so that the record is clear on this. It was your understanding that as a matter of procedure the Attorney General signed off on all Findings, and you have a general recollection of hearing that he did it in this case, but not a specific one. Is that——

Mr. **North**. I do not have a specific one in this case, no.

Mr. **Nields**. Do you have a general recollection of being told that the Attorney General had signed off on this Finding?

Mr. **North**. Yes, I have a general recollection, because it was in that timeframe that I was apprised of Attorney General French Smith's earlier determination that this was the way to go about doing it.

Mr. **Nields**. Now, when you say "this", isn't it true that Attorney General French Smith's prior opinion related to using an intelligence Finding as a way of transferring?

Mr. NORTH. Yes, that is what I am talking about.

Mr. NIELDS. And so what your—and your recollection is that that William French Smith opinion was discussed and known to you at or about the time of the November Finding?

Mr. NORTH. Yes.

Mr. NIELDS. The final question before we break: Do you know why the missiles were originally supposed to be flown to Tabriz and were, in fact, flown to Tehran?

Mr. NORTH. No.

Mr. NIELDS. Thank you, Mr. Chairman.

Chairman INOUYE. The hearing will stand in recess for 10 minutes.

[Brief recess.]

Chairman INOUYE. The hearing will please come to order.

Mr. Nields.

Mr. NIELDS. Thank you, Mr. Chairman.

Colonel North, I asked you before we broke about a number of particular individuals and whether they were aware of the HAWK shipments in November of 1985. Are there any other officials of the U.S. Government who were aware of the HAWK shipment in November of 1985?

Mr. NORTH. I think I have given you the list that I believed to have been aware.

Mr. NIELDS. Were any officials at the Department of Defense aware that 18 HAWK missiles, or some number of HAWK missiles, had actually been shipped by Israel to Iran?

Mr. NORTH. Again, I believe that they may have—excuse me, I believe they may well have been, because I think I made several efforts to coordinate with them the replenishment of the HAWKs. I think I had a discussion, if I remember properly, with DOD officials about both HAWKs and TOWs. I wouldn't be asking them about HAWKs if they hadn't already been ordered up as a need for replenishing.

You know, I am a little concerned I am leaving the wrong impression, because I honestly think that all of us who were engaged in this activity were looking for the right way of doing things, that there was no intent to avoid, to in anyway violate the Arms Export Control Act, and that if there was confusion within the DOD over how I was going about it, it was because of my own ignorance in not knowing the right way to start, and I want to come back to the Finding issue as—as why we arrived at using the Economy Act procedures for that whole business.

Much of the confusion that may exist out there may simply have been because when this kid was told to find a way to replenish things, I didn't know how to go about doing it, and, in fact, it wasn't until the latter part of January that a real methodology was proposed.

Mr. NIELDS. I just want to make sure. My question is simply: Who in the Department of Defense was told that there had actually been a shipment, if anybody?

Mr. NORTH. An unrefreshed, long-time-ago memory would tell me that I probably talked about that delivery with Mr. Koch, possibly with General Powell, possibly with Mr. Armitage.

Mr. NIELDS. How about Mr. Regan?

Mr. **North**. I did not discuss this with Mr. Regan.

Mr. **Nields**. The Vice President?

Mr. **North**. Not with the Vice President.

Mr. **Nields**. Anyone else you can think of?

Mr. **North**. No.

Mr. **Nields**. Colonel North, I'm going to shift topics now and ask you some questions about the support of the Contras.

I take it that prior to sometime in the fall of 1984 the CIA was principally responsible for our support of the Contras and sometime in October of 1984 Congress passed what has been referred to in these hearings and elsewhere as the Boland Amendment, which provided that no funds available to the Department of Defense or the CIA or any other department or agency involved in intelligence activities may be spent in support of the Contras' military or paramilitary effort.

I haven't finished my question yet.

Mr. **North**. I know.

May I just address one question to you, sir? Are we going to come back to what eventually happens on replenishment, on HAWKs, TOWs and other things? Because I think it is important, if we really want to get what I did and what I know others did in that process, I think it's important we eventually come back to that.

Mr. **Nields**. You can rely on it.

Mr. **North**. Thank you.

Mr. **Nields**. But I would like to turn for the moment to the subject of the Contras following the enactment of the Boland Amendment.

And I think there has been some evidence here, in explaining the meaning of the amendment to the House of Representatives immediately prior to its enactment, Congressman Boland himself stated that this ended U.S. support for the war in Nicaragua.

I take it that that turned out not to be the case, that our support continued and indeed to a considerable degree you managed it following the enactment of the Boland Amendment.

That is a question.

Mr. **North**. What was the question?

Mr. **Nields**. Is it correct to say that following the enactment of the Boland Amendment our support for the war in Nicaragua did not end and that you were the person in the U.S. Government who managed it?

Mr. **North**. Starting in the spring of 1984, well before the Boland proscription of no appropriated funds made available to the DOD or the CIA, et cetera, I was already engaged in supporting the Nicaraguan Resistance and democratic outcome in Nicaragua.

I did so as a part of a covert operation that was carried out starting as early as the spring of '84 when we ran out of money, where people started to look in Nicaragua, Honduras, Guatemala, El Salvador, and Costa Rica for some sign of what the Americans were really going to do, and that that help began much earlier than the most rigorous of the Boland proscriptions and, yes, it was carried out covertly and it was carried out in such a way as to ensure that the heads of state and the political leadership in Nicaragua, in Central America, recognized the United States was going to meet the commitments of the President's foreign policy, and the President's foreign policy was that we are going to achieve a democratic outcome in Nicaragua and that our support for the Nicaraguan Freedom Fighters was going to continue, and that I was given the job of holding them together in body and soul, and it slowly transitioned into a more difficult task as time went on and as the CIA had to withdraw further and further from that support, until finally we got to the point in October when I was the only person left talking to them.

Mr. Nields. You are talking about now October of 1984?

Mr. North. Yes, sir.

Mr. Nields. That was my question. Following October of 1984, was the U.S. Government support for the war in Nicaragua managed by you?

That was the only question.

Mr. North. The U.S. contact with the Nicaraguan Resistance was me, and I turned to others to help carry out that activity.

Mr. Nields. Did you manage it?

Mr. North. I tried. In terms of coalescing the activities that went on, yes.

Mr. Nields. Now, you said you were given the job. Who gave it to you?

Mr. North. Well I guess it fell to me by default. Mr. McFarlane was the one who originally tasked me to go make contact with the Resistance, assure them of our unflagging support. I made a trip in the spring of 1984 to that effect and it basically just persisted thereafter.

Mr. Nields. Maybe it would be most useful to get into specifics of the areas of your support.

I take it one area of your support was to endeavor to raise money from sources other than the U.S. Treasury.

Mr. North. That's correct. Boland proscriptions did not allow us to do so and so we sought a means of complying with those Boland proscriptions by going elsewhere for those moneys.

Mr. Nields. And you went to foreign countries?

Mr. North. I did not physically go to those foreign countries.

Mr. Nields. Representatives of——

Mr. North. Representatives of foreign countries and I had discussions about those matters, yes.

Mr. Nields. You asked them for money?

Chairman Inouye. May I interrupt to announce that a vote is now in progress in the U.S. Senate and accordingly Members of the Senate will have to absent themselves.

Please proceed.

Mr. Nields. And you asked them for money for the Contras?

Mr. North. Well, I want to be a little bit more specific about that. I don't recall going hat in hand to anybody asking for money.

I do recall sitting and talking about how grateful this country would be if the issue that they had discussed with others were indeed brought to fruition.

For example, a representative of Country Three and I met and we talked about an issue that had been raised with him beforehand by others outside of the Government. And I told him I thought that was a dandy idea and I told him where he could send the money and he did so.

Mr. **Nields**. Before we get into the specifics and I am going to ask you more about Country Three in a minute, Mr. McFarlane has testified that he gave you instructions not to solicit money from foreign countries or private sources.

Did he give you those instructions?

Mr. **North**. I never carried out a single act, not one, Mr. Nields, in which I did not have authority from my superiors. I haven't in the 23 years that I have been in the uniformed services of the United States of America ever violated an order, not one.

Mr. **Nields**. But that wasn't the question.

Mr. **North**. That is the answer to your question.

Mr. **Nields**. No. The question was, did Mr. McFarlane give you such instructions?

Mr. **North**. No. I never heard those instructions.

Mr. **Nields**. And I take it that it was your understanding from what you have just said that quite to the contrary, you were authorized to seek money from foreign countries?

Mr. **North**. I was authorized to do everything that I did.

Mr. **Nields**. Well, again, that isn't the question.

Mr. **North**. I was authorized to have a meeting—in this particular case, in specific, by Mr. McFarlane—for the purpose of talking to the man about a suggestion that had been made to him by others and to encourage that process along, and I did so.

I had already provided to Mr. McFarlane a card with the address of an account, an offshore account which would support the Nicaraguan Resistance and, thank God, somebody put money into that account and the Nicaraguan Resistance didn't die, as perhaps others intended.

Certainly the Sandinistas and Moscow and Cuba intended that and they didn't die. They grew in strength and numbers and effectiveness as a consequence, and I think that is a good thing.

And Mr. McFarlane was the person who asked me for the card on the account and with the account and I gave it to him and I don't know who he gave it to. But whoever he gave it to gave a lot of money.

I don't know if Mr. McFarlane asked that person for the money or not. I did not go to the representative of Country Three and ask him for money. He suggested that he put money there and I told him where to send it and, thank God, he did so, too.

Mr. **Nields**. I take it you are saying not only did Mr. McFarlane not instruct you not to seek money from foreign countries, but that he was aware of each and every one of your actions to obtain money from foreign countries and approved of it?

Mr. **North**. I believe so, yes.

Mr. **Nields**. And with respect specifically to Country Three, I take it that you originally had a meeting with General Singlaub in which he reported a discussion he had had with representatives of Country Three?

Mr. **North**. That is correct.

Mr. **Nields**. And he told them that the discussion that he had with representatives of Country Three, which he told you about, had to do with money for the Contras?

Mr. **North**. As I recall, yes.

Mr. NIELDS. And I believe that the discussion you had with him was sometime in November of 1984? Is that consistent with your recollection?

Mr. NORTH. I have absolutely no recall when those conversations were, but I am sure you have a contemporaneous record of mine that would reflect that.

Mr. NIELDS. Yes, exhibit 71. In book no. 4, second page of the exhibit.

Turn one more page.

Mr. NORTH. I have the document.

Mr. NIELDS. Does that refresh your memory that it was sometime in November of 1984 that General Singlaub reported to you on his discussion with Country Three on the subject of funding the Contras?

Mr. NORTH. I am looking at the memo dated December 4, 1984.

Mr. NIELDS. Yes.

Mr. NORTH. This refers to the acquisition of surface-to-air missiles from another country.

Mr. NIELDS. That is why I asked you to turn to the next page.

Mr. NORTH. OK. I see the entry.

Mr. NIELDS. OK. November of 1984?

Mr. NORTH. I am missing the date, counsel.

Mr. NIELDS. Well, at the very first part of the memo, it says, "In accordance with prior understanding, I met on Wednesday, November 28." And that is an unrelated transaction.

Mr. NORTH. That happens to be the transaction that relates to the surface-to-air missiles.

Mr. NIELDS. Yes, and then if you turn to the next page, it says, "Later that afternoon, Major General Jack Singlaub visited to advise of two meetings held earlier in the day."

Mr. NORTH. Got it.

Mr. NIELDS. So my question is, did you have a discussion with General Singlaub in November of 1984, on the subject of his discussing money for the Contras with Country Three?

Mr. NORTH. Later that afternoon, yes.

Mr. NIELDS. Yes. Then sometime a couple of months later, you—did you not—ask General Singlaub to go back to Country Three and seek $2 million for the Contras?

Mr. NORTH. I recall it a little differently. I think he said he was going to go back, and he suggested that he do that. I am not debating the actual sequence of who did what.

Mr. NIELDS. Why don't you turn to exhibit 72. The second page.

Mr. NORTH. Second page on mine is blank. Are you talking about this page? This is a cable to——

Mr. NIELDS. Try the third page which is numbered 2, I believe.

Mr. NORTH. Got it.

Mr. NIELDS. And you see at the top, it says, "The FDN is in urgent need of near-term financing, approximately $2 million"?

Mr. NORTH. Right.

Mr. NIELDS. "For the purchase of rifles, ammunition and boots for new volunteers"?

Mr. NORTH. Yes.

Mr. NIELDS. And then down lower it says, "Singlaub will be here to see me tomorrow. With your permission, I will ask him to approach—" and then blanked out is Country Three—"Embassy urging that they proceed with their offer."

Mr. NORTH. Yes. I would also like to point out it says "proceed with their offer." It does not say proceed with—with what I asked for.

Mr. NIELDS. But you asked General Singlaub, did you not, to go back and ask them to proceed with their offer?

Mr. NORTH. Yes. But again, I think what is important, counsel, is the words "their offer." I get the sense that somehow or another, we have tried to create the impression that Oliver North picked up his hat and wandered around Washington and foreign capitals begging for money and I didn't do that. I didn't have to do it.

Because others were more willing to put up the money than the Congress, because they saw well what was happening to us in Central America and the devastating consequences of a Contra wipeout and an American walkaway and write-off to what was going to happen to this country and to democracy elsewhere in the world.

I didn't have to wander around and beg. There were other countries in the world and other people in this country who were more willing to help the Nicaraguan Resistance survive and cause democracy to prosper in Central America than this body here, and that is an important factor in all of what you do, counsel, and in what this committee is going to do. It has got to be part of your assessment as to why is it that other countries in the world were willing to step up and help in a desperate cause when we were not willing to do so ourselves?

That has got to be something that is debated not just by pulling people before this group and hammering at them and haranguing them and reducing it to pettiness. It has got to be something that the American people come to understand how desperately important it was, not just to us, not just to Ollie North, and not just to President Ronald Reagan. It was important to these other people who put forth that money, and I didn't beg them. They offered.

And that is important, sir.

Mr. NIELDS. And no money came in in March, April, May, or June?

Mr. NORTH. I don't recall exactly when it came in, but it came in.

Mr. NIELDS. None of it came in, then, and you had another meeting with Singlaub in June?

Mr. NORTH. If you are looking at something that indicates that, I would suppose——

Mr. NIELDS. Take a look at exhibit 73, which is a page from your spiral notebooks, 29th of June 1985, middle of page, 1230, meeting with Singlaub. Do you see that, sir?

Mr. NORTH. I do.

Mr. NIELDS. That says, "$10 million, $5 million from"—Country Three is blanked out—"call Sigur or North." And I take it he was telling you that he needed a signal from this government before Country Three was going to give any money?

Mr. NORTH. I don't recall specifically what that was about. I have admitted to you that I did meet with a representative of Country Three and confirmed that this country would be indeed grateful. I don't remember this specific——

Mr. Nields. But you have also told us that there were these other countries that themselves on their own wanted to aid the Contras. And I am saying, isn't it true that they didn't give any aid for several months, and that Singlaub came back to you and said, they are not going to give any money unless this government gives them a signal. And he met with you and asked you for that, and you said have him call Sigur or North.

Mr. North. OK. Yes. That is exactly what transpired. I am not saying that is exactly what transpired this day.

Mr. Nields. And then nothing happened for approximately a month and you had another meeting with Singlaub, this time on the 30th of July?

Mr. North. Can you refresh me on that one?

Mr. Nields. Yes, I can. exhibit no. 74, it is another page from your spiral notebooks. Don't mention names that are circled. It says, "30 July, meeting with Singlaub." And then there is a name of an official from Country Three.

Mr. North. Yes.

Mr. Nields. Circled. And then it says, "Singlaub need $2 million the next 2 weeks."

Mr. North. Yes. I see what it says. I don't recall exactly what that means. I'm not sure that that actually relates to the contribution made by Country Three.

Mr. Nields. Well down below it, it says, "Please call Gaston or North."

Mr. North. Yes.

Mr. Nields. Same thing, isn't it? They want some encouragement from the U.S. Government?

And you then actually instructed Mr. Sigur to go meet with officials of that country?

Mr. North. First of all, I didn't instruct Dr. Sigur to do that. I probably asked him, and the word "asked" is indeed underlined in my notes.

Mr. Nields. You asked him. Did you talk to Mr. McFarlane before you asked him to do that?

Mr. North. Yes.

Mr. Nields. And got his approval?

Mr. North. You bet.

Mr. Nields. And then you asked Gaston to go meet with the officials of Country Three?

Mr. North. Yes.

Mr. Nields. And then after Gaston had done that, you asked him to set up a meeting for you?

Mr. North. Right.

Mr. Nields. And representatives of Country Three?

Mr. North. Yes.

Mr. Nields. And at that meeting, you told them that the country—this country would be very grateful if they were to make the contribution?

Mr. North. I did.

Mr. Nields. And then and only then they actually made it?

Mr. North. Yes.

Mr. Nields. And Mr. Sigur has testified that your meeting with representatives of Country Three was in August. That would be the month following this note. I take it that's consistent with your recollection?

Mr. NORTH. If you say—I did have a meeting. If you say it was in August, I'll believe you.

Mr. NIELDS. And you then sent Mr. Owen with an account number so that the officials of Country Three would know where to send the money?

Mr. NORTH. I recall that happening.

Mr. NIELDS. And that was the account which Mr. Secord had set up in Switzerland?

Mr. NORTH. I guess so, yes. I don't remember exactly which account number I gave him.

Mr. NIELDS. But it was one of Secord's accounts?

Mr. NORTH. I believe it was.

Mr. NIELDS. And those accounts had been set up at your suggestion?

Mr. NORTH. Absolutely, as part of a covert operation to support the Nicaraguan Resistance.

Mr. NIELDS. To receive moneys to support the Nicaraguan Resistance?

Mr. NORTH. Absolutely.

Mr. NIELDS. And it wasn't under the control of the Nicaraguans?

Mr. NORTH. No.

Mr. NIELDS. It was under the control of Secord, who was responding to your direction?

Mr. NORTH. I'm not sure that a major general is going to be happy with saying the words responding to my direction. General Secord was indeed cooperating in every way that I asked him to, yes.

Mr. NIELDS. Well who was in charge? You were a government official. He was not. He's a major general. You are a lieutenant colonel. Are you telling this committee that because he had a higher rank when he was with the Government that he was the boss?

Mr. NORTH. Well, he was the boss of what? He was the boss of the organizations and the commercial enterprises that he set up to assist the Nicaraguan Resistance, and that I eventually asked him to expand out into other covert operations, and he did those things.

Mr. NIELDS. He did those at your request, did he not?

Mr. NORTH. That's correct. But you said "direction." I think he would probably take umbrage with that.

Mr. NIELDS. I am not asking you whether he would take umbrage; I am asking you whether the U.S. Government retained control over this covert operation.

Mr. NORTH. I tried to, counsel. Tried to.

Mr. NIELDS. And indeed all of the money that went into that bank account in Switzerland resulted from your efforts?

Mr. NORTH. I don't know that, no, because you say "that bank account." I'm not sure to this day exactly how much money went into that bank account or which bank account.

Mr. NIELDS. Well, I can tell you that the committees' records reflect that the moneys that went into those bank accounts came from the proceeds of sales of arms to Iran, from Country Three, directly or indirectly from Spitz Channell's organizations, a little bit from the Government of Israel and one deposit from Joseph Coors.

And my question to you: Isn't it true that you were responsible for directing all of that money into those accounts?

Mr. NORTH. My sense is that the ones you have just identified—except that I don't know that it is the Government of Israel; I believe it was an Israeli private citizen—I would agree that I am the person that caused that money to go into those accounts.

Mr. NIELDS. I'd like to turn now to Country Two. Do you have that country in mind?

Mr. NORTH. I do.

Mr. NIELDS. Did you ever have any meetings with officials of Country Two in which the subject of money for the Contras arose?

Mr. NORTH. No.

Mr. NIELDS. Did you ever ask Mr. Secord to have a meeting with a representative of Country Two for the purpose of discussing contributions for the Contras?

Mr. NORTH. I don't recall whether I asked him or he suggested, but, nonetheless, such a meeting did indeed occur.

Mr. NIELDS. And did you have authority——

Mr. NORTH. At least I am told that such a meeting did occur. I was not present at the meeting, but I did talk to him before about it and I believe I talked to him after about it. At least it was reported to me that way.

Mr. NIELDS. And was that meeting known to Mr. McFarlane?

Mr. NORTH. Yes.

Mr. NIELDS. And was it—were you authorized in advance to either ask or consent to Mr. Secord making that request?

Mr. NORTH. I'm sure that I was, yes.

Mr. NIELDS. And, to your knowledge, had Mr. McFarlane had similar meetings with representatives of Country Two?

Mr. NORTH. I do not know to this day whether he did or not.

Mr. NIELDS. Did he tell you that he did?

Mr. NORTH. No, he did not.

Mr. NIELDS. Did he tell you anything on that subject?

Mr. NORTH. You are asking me—let me get the bottom line on this thing. You are asking me do I know where the initial $25 million came from?

To this day, I do not. I simply gave Mr. McFarlane a card and on that card was an account number, and money there—shortly thereafter started to flow to that account.

Mr. NIELDS. My question——

Mr. NORTH. And I don't know whether it was Country Two or not. And that is also part of a covert operation. I didn't need to know that. In a compartmented covert operation, my job was to get an account number for the Nicaraguan Resistance to receive moneys.

Mr. NIELDS. Let me ask it to you this way——

Mr. SULLIVAN. Excuse me. Let him finish, sir.

Mr. NORTH. And that is important, I think, to the American understanding a covert operation. There are boxes within boxes to protect the operation.

You know, one of the things that disturbs me about the way this is proceeding is we constantly are coming back to the fact that the American people haven't been told everything. You are not going to make public all of this stuff when you get done with it either, I hope. I mean, there's top secret, code word documents that I have seen for the first time today in years that I'm now having to look through. I pray to God you are not going to turn all these loose.

You know, even after the Russians got the secrets of our satellites from a spy, we didn't publish them in our periodicals. The Congressional committees didn't make them public for everybody to read. And there's nothing wrong with that. There's nothing wrong with the fact that Mr. McFarlane compartmented off parts of the program for his knowledge and that others in the program didn't know everything else that everyone else knew. There is nothing wrong with that in a covert operation. That is how they are conducted and it is the right way to do it, to protect lives and the people engaged in it, and lives are important.

Mr. NIELDS. Did you tell Mr. Secord that Mr. McFarlane had already had a meeting with the official?

Mr. NORTH. No, because I didn't know, and I do not know for—confirmed knowledge to this day that Mr. McFarlane met with that official from Country Two. I do know that at some point further down the line, Mr. McFarlane asked me to tell General Secord to back off his contacts with the person from Country Two. And he did so.

Mr. NIELDS. And subsequently money came in?

Mr. NORTH. It did.

Mr. NIELDS. Are you aware of anyone else in the Government that had meetings with Country Two or representatives of Country Two on the subject of contributions for the Contras?

Mr. NORTH. I have no personal knowledge that anybody other than General Secord, and I only know that because he told me, met with representatives of Country Two. And at the time General Secord was not a part of the U.S. Government.

Mr. NIELDS. Are you aware of any approaches to Country Nine seeking support for the Contras?

Mr. NORTH. I can recall that there was a discussion about that country between General Secord and I. I don't believe that anybody in the U.S. Government ever approached them.

Mr. NIELDS. Did Mr. Secord?

Mr. NORTH. I know he approached them on the issue of terrorism. I don't recall whether or not he actually approached them on the issue of aid to the Nicaraguan Resistance. No. I don't recall. I may—you may be able to refresh my memory, but I don't remember.

Mr. NIELDS. Let's take a look at exhibit no. 78.

Mr. NORTH. I have a one-page piece of paper, dated 8 August.

Mr. NIELDS. 1985?

Mr. NORTH. 1985, I believe. It is hard to read.

Mr. NIELDS. Headed "Call from Rich"?

Mr. NORTH. Yes.

Mr. NIELDS. Who is Rich?

Mr. NORTH. Well, Rich could be a number of people, but——

Mr. NIELDS. Is that Richard Miller?

Mr. NORTH. Well, I don't know. I know Rich Armitage, Rich Miller. I know several other Rich's. Do you have the pages that precede and succeed that?

Mr. NIELDS. I can supply it to you if you wish. I do not believe it is going to shed any light.

Mr. NORTH. Well, again—does this—after the Rich, my copy is very difficult to read, counsel.

Mr. NIELDS. There are some circled words there which should not be read.

Mr. NORTH. I understand that. But what is right after Rich? It looks like a squiggle.

Mr. NIELDS. Re.

Mr. NORTH. Re? OK.

I think that may well be—given the first circled name, that may well be Richard Miller, not Richard Secord.

Mr. NIELDS. And it refers down at the bottom—first of all, I take it Country Nine is——

Mr. NORTH. Circled.

Mr. NIELDS. —mentioned.

Mr. NORTH. Right.

Mr. NIELDS. There is a reference "Could be as much as $4 or $5 million"?

Mr. NORTH. Right.

Mr. NIELDS. Does that refer to a prospective contribution to the Contras?

Mr. NORTH. I do not recall this conversation, but I do recall—the circle is a code name for one of the people that was in contact with us initially, of all things, on the hostage matter, and it turns out this guy is a bad apple. At one point Director Casey was concerned that this fellow might be a provocation. In any event, this man never produced anything. Talked a lot. Did nothing.

Mr. NIELDS. Now if you will turn to exhibit 79——

Mr. NORTH. Did I answer the question on who that Rich was? I do not believe—first of all, I never referred to General Secord as——

Mr. NIELDS. You said you thought it was Richard Miller?

Mr. NORTH. Yes.

Mr. NIELDS. If you turn to exhibit 79. Do you have that in front of you? It is another page from your notebook, dated 24 September 1985. And down at the bottom it says "Call from Dick." And then there are some numbers, and below that it says "Meeting with Country Nine people tomorrow, one C-7 ready now."

What does that refer to?

Mr. NORTH. I don't know. It could be—again, I recall speaking specifically to General Secord about the issue of terrorism, and I don't know that he ever approached them for contributions. It may well be that he did. I just don't remember it. You may be able to show me other notes in there where they were approached. I don't know that they ever made a contribution. I did not ever approach anyone.

Mr. NIELDS. Did you ever meet with officials of any other country for the purpose of discussing contributions to the Contras?

Mr. NORTH. Oh, sure. Not just financial contributions. I mean, I met with the senior military person from Country Four to get surface-to-air missiles, and I did that with the full knowledge of the FBI and the National Security Adviser.

One of the things that kind of bothers me is that this wasn't all done as some terrible, nefarious thing; it was done as part of a covert operation.

I would like to make a note about that one right there. I was very concerned about the meeting I had with No. 4, that someone not misunderstand why I was meeting with that person, and I asked for specific surveillance from the FBI on it and they provided, as I understand it, that kind of protection.

The Director of the FBI was aware of that meeting. It was not some deep, dark secret.

Mr. NIELDS. Was that a meeting in which you were requesting a contribution of surface-to-air missiles or were you seeking to facilitate the transportation of surface-to-air missiles that had been purchased by somebody else?

Mr. NORTH. I was actually seeking to facilitate the transportation, but I was hoping I could turn it enough they would like to make the contribution. I will admit that.

Mr. NIELDS. So you discussed the possibility of a contribution with representatives of Country Four?

Mr. NORTH. Well, when I say contribution, I'm speaking specifically of surface-to-air missiles, which at that point in time the Resistance was being devastated by the Soviet-supplied, Cuban-flown Hind helicopters, and we were looking desperately for surface-to-air missiles that could be provided to the Democratic Resistance, and that man's country makes the kind that is useful for that purpose.

Would you repeat the question, counsel?

Mr. NIELDS. Yes. Did you ask representatives of Country Four at that time to contribute SA-7s?

Mr. NORTH. I don't believe I actually, baldly asked them to contribute. I had a—if I can just back up on that whole thing just for a second.

That particular place was a good source for these weapons. We were concerned, I was concerned, I went to Admiral Poindexter and told him my concerns about the meeting. We knew that that was a good source for those weapons. I was concerned about the meeting because I did not want anyone in our intelligence services or others to misunderstand the purpose of the meeting, and so what I did is, I asked Admiral Poindexter, and I believe Mr. McFarlane, too, to please make sure that the Attorney General and the Director of the FBI was aware that the meeting was going to take place, and I believe that they did so, for obvious purposes, and I think that's without saying more.

Mr. NIELDS. My question is a very simple one. Did you ask for Country Four to make a contribution of——

Mr. NORTH. Not in so many words. We had a long philosophical discussion over lunch about Soviet hegemony, the kinds of things I thought would be attractive and of concern to him. He shared my concerns. I made him aware there was a purchase under way, these things were desperately needed, and he then facilitated that. But he didn't make a contribution.

Mr. NIELDS. He never made a contribution?

Mr. NORTH. Not that I'm aware of.

Mr. NIELDS. Did you have any other meetings with representatives of Country Four in which you sought a contribution?

Mr. NORTH. Not that I recall, no.

Mr. NIELDS. Any other countries?

Mr. NORTH. At some point I encouraged others, although I did not have the meeting to see if we could obtain radio equipment from Country Eight, and——

Mr. NIELDS. Who did you encourage to do that?

Mr. NORTH. I'm not entirely certain, but I think it was General Singlaub.

Mr. NIELDS. And on whose authority did you do that?

Mr. NORTH. Well, with my superiors. I'm, you know——

Mr. NIELDS. Mr. McFarlane?

Mr. NORTH. No, by then I think it was Admiral Poindexter.

Mr. NIELDS. Did that prove successful?

Mr. NORTH. I don't recall. I don't think so.

Mr. NIELDS. Any others?

Mr. NORTH. Brunei, of course. Brunei had been under discussion for a long time.

Mr. NIELDS. Any others?

Mr. NORTH. No. I think that's it.

Now eventually, eventually I talked to—this is very late in the whole process—to a senior person from Country One, who then indeed provided some weapons.

Mr. NIELDS. Physical weapons, free of charge?

Mr. NORTH. Yes.

Mr. NIELDS. I have been asking you only about your own meetings and contacts. Did you ask any other person to approach any foreign country other than the ones you have already testified about?

Mr. NORTH. Well, I of course asked Dr. Sigur to establish the meetings—and I believe at the time I probably told him why—with the ones that I met with. That would be Countries Three and Four.

I may have asked him to arrange a meeting with some representatives of Country Five. I don't recall specifically at this point, but I may have. And I'm not aware that others outside or elsewhere were doing it other than the fact that I know that Mr. Abrams, Ambassador Abrams, eventually made a contact with Brunei.

Mr. NIELDS. Are you aware of any contacts made by other people in the U.S. Government, whether or not at your request or direction, to approach other countries for contributions to the Contras?

Mr. NORTH. Not that I can recall specifically, other than I did talk to Admiral Moreau at length about a trip that was being made by a senior U.S. official to Country Four, and I believe the contact was made while he was on that trip.

And there is a country that's not on your list, so I don't know how to refer to it, but I did—I recall now that I did make contact with a senior official in another country on that matter, and we can develop some convention for how we talk about it.

Mr. NIELDS. We have simply been writing it on a sheet of paper, folding it over and handing it to the chairman. And will you describe that contact?

Chairman INOUYE. That country will be referred to as Country Ten.

Mr. NORTH. I am sorry?

Mr. NIELDS. Country Ten.

Would you describe that contact, please, sir?

Mr. NORTH. I met with that senior official in a foreign country, not his, not ours, as part of a broader effort, but it included assistance that he may be able to provide in the case of support for the Nicaraguan Resistance. There was a broader context in that conversation, but that was certainly a part of it.

And no final arrangement was every consummated because shortly thereafter, I was reassigned back to the Marine Corps.

Mr. NIELDS. And were you seeking then a financial contribution or a contribution of some kind of materiel?

Mr. NORTH. It was not so much financial certainly as more a—operational support. I guess maybe I don't want to sound like I am dissembling at all, because I went to the officials in Country Seven and others of Country Seven's neighbors frequently asking for operational support and getting it, not financial, not materiel necessarily, but assistance in operational support for everything from airplanes to places to park them, things like that.

And so—and I was the person who did those.

Mr. NIELDS. And on whose authority did you do those?

Mr. NORTH. My superiors.

Mr. NIELDS. Is this just Admiral Poindexter or Admiral Poindexter and Mr. McFarlane?

Mr. NORTH. Oh, no, again, this all started way back in 1984, so it started when Mr. McFarlane was there, and it continued on through Admiral Poindexter's succession as National Security Adviser in 1986.

Mr. NIELDS. Would you turn to exhibit 80? That is a page from one of your notebooks, February 4——

Mr. NORTH. What year is that?

Mr. NIELDS. I believe this is 1985. And I take it that is a call from Clair George?

Mr. NORTH. I take it that it is, but there is more—I can't understand what this thing says with all the things blacked out. Did I black those out when I gave it to you?

Mr. NIELDS. No, you did not. What is blacked out is the name of Country Five and an official of Country Five.

Mr. NORTH. OK.

Mr. NIELDS. And it refers to a contribution, a possible contribution of $2 million, does it not?

Mr. NORTH. Right.

Mr. NIELDS. Can you describe that conversation?

Mr. NORTH. Well, I can't recall—you say this is 1985, 4 (Four) February 1985?

Mr. NIELDS. I believe so. We are checking it right now.

Mr. NORTH. OK. I don't recall it specifically. I do recall in general that there was some conversation with Country Number Five. I don't believe that Country Five ever made that contribution. I may well be wrong. But I think that we talked to them several times about operational support, and encouraged them to provide or sell materiel to the Resistance.

I don't recall that that actually transpired.

Mr. NIELDS. But this was something which was brought to your attention by a representative of the CIA?

Mr. NORTH. Sure. I mean they knew what I was doing. I mean they knew that I was the guy who was in contact with the Resistance and was out trying to help them, in compliance with Boland, I would point out.

Mr. NIELDS. Now, my next question is: You have indicated that the National Security Advisers for whom your worked authorized you to seek support from foreign countries, both financial and operational.

Mr. NORTH. Yes.

Mr. NIELDS. Was your—were your activities in that respect known to others in the White House other than the National Security Advisers?

Mr. NORTH. Well, I want to go back to something I said at the very beginning of all this, Mr. Nields. I assumed that those matters which required the attention and decision of the President of the United States did indeed get them. I assumed that.

I never asked that. I never walked up to the President and said, "Oh, by the way, Mr. President, yesterday, I met with so-and-so from Country Four." Nor did he ever say, "I am glad you had a meeting with Country Four and it went well."

Mr. NIELDS. Do you know whether or not the President was aware of your activities seeking funds and operational support for the Contras from third countries?

Mr. NORTH. I do not know. I assumed that he did.

Mr. NIELDS. What was the basis of your assumption?

Mr. NORTH. Just that there was a lot going on, and it was very obvious that the Nicaraguan Resistance survived. I sent forward innumerable documents, some of which you have just shown us as exhibits that demonstrated I was keeping my superiors fully informed as to what was going on.

Mr. NIELDS. Now, you indicate that we have shown you, that you made numerous documents, and we have shown them to you. I don't believe we have shown you any that post-date August of 1985. Did there come a time when you stopped writing documents relating to your support for the Contras?

Mr. NORTH. There came a time when I stopped sending up what we call in-system memoranda. I continued to communicate with my superiors using the PROF systems, and I continued to send forward nonlog or out-of-system documents, yes.

Mr. NIELDS. And where are they?

Mr. NORTH. Well, the PROF notes you got, I guess.

Mr. NIELDS. Where are the nonlogged documents?

Mr. NORTH. I think they were shredded or burn-bagged.

Mr. NIELDS. And the PROF messages you thought had been deleted?

Mr. NORTH. I had hoped that they had been, yes.

Mr. NIELDS. And I take it you stopped putting these memoranda in the system because of a problem that arose in connection with a Congressional inquiry?

Mr. NORTH. Actually, the problem arose as a consequence of media attention, which occurred in the summer of 1985, and that was that my name surfaced in connection with, in some cases halfway accurate, and in some cases wild and spurious allegations about my role in support for the Nicaraguan Resistance.

Mr. NIELDS. Well, we'll get back to this in more detail later, Colonel North.

But are you saying that your decision to stop putting these documents in the system had nothing to do with the fact that they were pulled out of the system by Mr. McFarlane for the purpose—in response to a Congressional request for documents?

Mr. NORTH. No. I think we arrived at a point—and I don't recall whether it was his idea or my idea—in 1985 to stop putting these documents in the system, you're right. I'm not saying it was his idea. It might have been mine.

But anyway, we decided not to.

Mr. NIELDS. And that arose out of the fact that Congress had asked to look at the documents?

Mr. NORTH. Well, sure.

Mr. NIELDS. And the documents that were gathered for them all came out of a system.

Mr. NORTH. Exactly.

Mr. NIELDS. And you didn't want to show Congress the documents in the system?

Mr. NORTH. I didn't want to show Congress a single word on this whole thing.

Mr. NIELDS. Who else in the Government was aware of the fact that you and others at the NSC were approaching third countries for the purpose of raising money for the Contras?

Mr. NORTH. Well, the person most closely aware of it outside the NSC that I know of—and I'll talk to you about people that I was in contact with—was Director Casey, who I had many conversations regarding this, what we referred to as off-line conversations, ones that weren't going to be recorded or transmitted. And Admiral Arthur J. Moreau, U.S. Navy, knew a great deal about it, because he and I spoke a lot.

Mr. NIELDS. Anyone else?

Mr. NORTH. You are probably going to show me a document where I talked to somebody else, but that is about, you know, the limit of Government officials that I talked to.

Obviously from what you can see here on the 4th of February there were others who were aware within the U.S. Government. There were other members in Congress who knew, you know, that I was the person in touch with the Nicaraguan Resistance.

Mr. NIELDS. Any other people in the CIA?

Mr. NORTH. Oh I'm sure that Mr. Clarridge knew. He is the guy who introduced me to the leadership of the Nicaraguan Resistance way back in 1984.

There were other people at CIA who I met with on a regular basis. I'm not saying that these people had intimate knowledge of my day-to-day activities like my superiors did, but certainly they knew that I was the guy that was getting things done.

That's why they called me up, that's why there is a note to the effect that, hey, Ollie, you know, here are these guys here from Country whatever it is, they're talking about $2 million, why don't you go over and put the smile on them and maybe they'll kick in.

Mr. NIELDS. How about the Chief of the Central American Task Force?

Mr. NORTH. Oh, I'm sure that he had a detailed grasp of—well, I say a detailed grasp—I'm sure that he had an adequate sense of what I was doing.

Mr. NIELDS. And what is your basis for that belief?

Mr. NORTH. We used to have meetings with the Restricted Interagency Group, we used to have secure conference calls, and on one occasion I can recall laying out for the group—in fact, I think it was after the $100 million had been voted by both Houses, hadn't been sent forward to the President—I can recall a meeting in an office in the Pentagon where I went down item by item by item the things that I was doing and asked them point blank whether or not I had to continue to do them to keep the Resistance alive, because even though the money had been authorized and both bills had been passed, we couldn't get it forwarded to the President.

And we went down item by item by item on my checklist of what I was having directed out each month or each quarter or each week to support the Resistance, and asked them point blank whether this should continue.

Mr. NIELDS. Who was there?

Mr. NORTH. Well, I would have to look at my contemporaneous notes at the time, but I think there is a note in one of the notebooks I gave you to that effect.

Mr. Fiers was there, Mr. Abrams was there, Mr. Armitage was there, I think Mr. Michael was there, I think General Moellering was there.

Mr. NIELDS. Would you go through them for us, please, item-by-item, what it was that you told this assembled group you were doing?

Mr. NORTH. What I'm saying to you is I didn't say, look, on a given day I'm going to walk out and go talk to so and so about so much money. What they knew is that I was the person who was causing these things to happen. There was no doubt in their mind.

That is why, when an airplane goes down in Honduras, they call me to get the bodies home and to pay the costs. That's why, when somebody needs something done, in the case of this contact right here you pointed out as part of exhibit no. 79, they called me.

These people knew what I was doing. They knew that it was a covert operation being conducted by this government to support the Nicaraguan Resistance.

Mr. NIELDS. My question is, could you—you indicated that during this meeting at the Department of Defense, at the Pentagon, you went down item-by-item. Would you go down for us item by item what it was that you told them?

Mr. NORTH. I don't have the list before me. I gave copies of that to you. It is in the stuff that I gave to you, seven binders full.

Mr. NIELDS. Did you discuss the resupply operation?

Mr. NORTH. I think so.

Mr. NIELDS. Did you discuss efforts to obtain armaments?

Mr. NORTH. Probably. I am talking about aid to the internal opposition, food, clothing, medical supplies, et cetera. I think it was all on that list, tick, tick, tick, tick, tick.

Mr. NIELDS. Including munitions?

Mr. NORTH. I am not absolutely sure that it says munitions, it might have just said logistics, and it might have just said air support, it might have just said certain things about the internal activities. You have got it, along with the list of names of the people that were there at the meeting.

Mr. **Nields**. Is there anything else you can recall ticking off during this meeting?

Mr. **North**. No, but you have the note, and I am sure you can find it. It is toward the end of my tenure, its somewhere after June and July when you—both Houses had passed it, and before I got fired I—you got a hundred and some odd folks go through my notebooks, counsel.

Mr. **Nields**. We will find it.

Mr. **North**. I am sure you will.

Mr. **Nields**. In addition to raising money from third countries, I take it you also raised some money from private individuals.

Mr. **North**. I want to be very clear about that. Not because of Boland, but because I understood that there were regulations against government officials soliciting. I do not recall ever asking a single, solitary American citizen for money. I want to make that very clear. You may have found someone who said that I did, but I sure don't remember it, and I tried very, very hard to live with that proscription, not because it was Boland, not because we perceived that the NSC was in any way obviated from doing what I was doing, but only because someone had told me that a U.S. Government official should not, cannot, will not, whatever, solicit.

Mr. **Nields**. You asked Joseph Coors for $65,000——

Mr. **North**. Wrong.

Mr. **Nields**. —to buy a Maule airplane, didn't you?

Mr. **North**. Not so. He offered the money, and I told him where to send it, and an airplane was bought with it, and it flies today in support of the Nicaraguan Resistance unless the Sandinistas have shot it down.

Mr. **Nields**. Did you call him?

Mr. **North**. No. He arrived in my office one afternoon.

Mr. **Nields**. Would you describe that event?

Mr. **North**. Again, you are probably going to pull out a note of mine that has got something on it. If you can refresh me, but otherwise I will go unrefreshed. I had seen Mr. Coors a number of times, both before and since. It is my recollection that Mr. Coors arrived in my office one afternoon, I got a telephone call from Director Casey, maybe I went down and met Mr. Coors in Mr. Casey's office, or maybe he walked into my office, I don't recall specifically.

He offered to help, asked what he could do. I suggested various things, showed him an airplane that was desperately needed, a STAL airplane that would take off, short takeoff and land. And he said, "Good. How much is it?" Or words to that effect. I said "There is the price list from the company", and Mr. Coors then made available that sum, and it was put in the account and an airplane was bought with it. But I didn't ask him for that money, he offered it.

Mr. **Nields**. We have had a lot of testimony from people who said that you made speeches to them about the Contras and then told them you couldn't ask for money but that Mr. Channell or somebody else could and that they then were asked to make contributions and that they did so, and we have also had some testimony from people who were told that if they made contributions in a certain amount, they would have a meeting with you or a meeting with the President. Did those things occur?

Mr. NORTH. I made a lot of speeches. I made a lot of speeches to people in favor of our policy in Central America, and I made speeches to those who were opposed to it. I even brought that same speech up here and gave it to Members of Congress. I gave it to various committees. I gave that speech to Americans who then went out and made contributions, not solicited by me.

Mr. NIELDS. Well, for example, did you sit down with Ellen Garwood at the Hay-Adams Hotel and show her a list of munitions that the Contras needed, together with Spitz Channell, giving an amount of money that needed to be contributed in order to purchase the weapons, and did she thereafter make the contribution?

Mr. NORTH. I do not recall the specific event that you are talking about, but I met a number of times with Lady Ellen Garwood, I met a number of times with a lot of different people. I am not denying that I did those things, and if she said I showed a munitions list, I showed a lot of munitions lists.

Mr. NIELDS. You showed a lot of different people munitions lists?

Mr. NORTH. Sure. People would ask me, "What do these things cost?" And I would take out a munitions list, and I would say, "Well there's what the cost of one of these things are, or many of those things are. That is what they cost."

Mr. NIELDS. And did you let them know how much the Contras needed money for munitions?

Mr. NORTH. I let them know how much the Contras needed everything. The Nicaraguan Freedom Fighters were at a point where they were dying in the field under Soviet Hind helicopters——

Mr. NIELDS. And did you do that together with Spitz Channell.

Mr. SULLIVAN. Let him finish. I know you don't like the answer, but let him finish.

Mr. NIELDS. I like the answer fine. It was not responsive.

Mr. SULLIVAN. Well fine then let him answer.

Mr. NIELDS. He had finished answering the question——

Mr. SULLIVAN. He had not finished answering or I wouldn't have raised the subject.

Chairman INOUYE. Proceed.

Mr. NORTH. I don't know whose turn it is, Mr. Chairman.

Mr. NIELDS. Did you sit down with these people together with Spitz Channell?

Mr. NORTH. Yes, on a number of occasions. I sat down with Mr. Channell and others.

Mr. NIELDS. And did you after telling them what the Contras' needs were, did you tell them that Mr. Channell would be the one who would have to ask them for a contribution?

Mr. NORTH. I don't recall ever saying those words to anybody. I want to make it very clear: I did tell people I could not and would not solicit, that I wasn't going to ask them for their money and I do not recall ever being in the presence of Mr. Channell at any time when he asked someone for money, at anytime. Nor do I ever recall Mr. Channell offering someone a visit to the Oval Office or the President of the United States of America for a price.

I received several suggestions to that effect by several other people, and they were turned away. I never, ever heard that a certain contribution would result in a meeting with the President of the United States of America.

I do not recall ever being at such a meeting.

Mr. NIELDS. Did you arrange such meetings?

Did you arrange such meetings with the President?

Mr. NORTH. I do not believe that I personally arranged—I may have sent forward scheduled proposals. You will certainly have them because I would have had copies of them in my office.

I don't remember more than one or two occasions where I actually asked for meetings that I set up.

Now, others at the White House did indeed set those up and I was a party to that, knowing that these were contributors that had helped the Resistance.

Mr. NIELDS. And——

Mr. NORTH. Or these were people who might contribute to the Resistance. So those meetings did happen at the White House, yes.

Mr. NIELDS. And some of them were with people who had actually made contributions?

Mr. NORTH. Oh, yes. Yes.

Mr. NIELDS. And the contributions had been obtained in part through your efforts?

Mr. NORTH. People give me a lot of credit. If someone wants to say, "It was a speech by Ollie North that made me want to give money to help the Nicaraguan Resistance," I appreciate that.

Mr. NIELDS. Well, I would like you to turn to exhibit 10. It is in the first book. It is a PROF message from you to Admiral Poindexter dated May 16, 1986.

Mr. NORTH. I believe it is from Admiral Poindexter to someone else. Either that or I am looking at the wrong one.

Mr. NIELDS. You are looking at the wrong one. It starts at the very bottom of the first page.

Mr. NORTH. OK.

Mr. NIELDS. "Note from Oliver North."

Mr. NORTH. Right.

Mr. NIELDS. I would like you to take a look at the bottom of the second page where it says, "I have no idea what Don Regan does or does not know re my private U.S. operation, but the President obviously knows why he has been meeting with several select people to thank them for their 'support for democracy' in Central America."

Mr. SULLIVAN. Could you help us locate that, please?

Mr. NIELDS. The very bottom of the second page, second-to-the-last line. I will read it again.

Mr. NORTH. I have it.

Mr. NIELDS. "I have no idea what Don Regan does or does not know re my private U.S. operation, but the President obviously knows why he has been meeting with several select people to thank them for their 'support for democracy' in Central America."

My first question is, what is "my private U.S. operation?" What does that refer to?

Mr. NORTH. Well, I don't know. It must mean my activities, my discussions with people.

Mr. NIELDS. Private contributors?

Mr. **North**. Sure. I don't know exactly what I meant at that particular point in time.

Mr. **Nields**. But you don't call it Spitz Channell's operation. You call it your operation. You don't need to respond to that.

And when you refer to his meeting with several select people to thank them for their support for democracy, I take it those are people who have made contributions?

Mr. **North**. I would guess so, yes.

Mr. **Nields**. And I take it that when you gave speeches to these people, one of the purposes was to get them to make a contribution?

Mr. **North**. One of the purposes of my talking to people was indeed to encourage that they do whatever they felt moved to do to support the cause of a democratic outcome in Nicaragua.

Mr. **Nields**. Was the President aware of your U.S. operation to raise funds for the Contras from private contributors?

Mr. **North**. Well, I think that that PROF notes right there indicates that I believed he was. But I didn't ever walk in and by the way say to him, "Mr. President, this is what I—" I know I have been accused of those kinds of things, but I didn't do that.

And the fact is that I assumed, and I think that is a fairly clear indication I am sending my boss what I thought was going to be a very private note that would never see the light of day anywhere else, and I said to him what I felt. And I was asking him for guidance.

Mr. **Nields**. And he certainly didn't tell you to stop?

Mr. **North**. Why would he? We were conducting a covert operation to support the Nicaraguan Resistance, to carry out the President of the United States' stated, publicly-articulated foreign policy.

Why should he tell me to stop? We weren't breaking any laws. We were simply trying to keep an operation covert.

Mr. **Nields**. Thank you, Colonel North.

I have no further questions this afternoon, Mr. Chairman.

Chairman **Inouye**. The hearings will stand in recess until 9:00 o'clock tomorrow morning.

[Whereupon, at 5:05 p.m., the Select Committees recessed, hearing adjourned, to reconvene at 9:00 a.m., Wednesday, July 8, 1987.]

JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

Continued Testimony of Oliver L. North (Questioning by Counsels)

WEDNESDAY, JULY 8, 1987

SENATE SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
AND
HOUSE SELECT COMMITTEE TO INVESTIGATE COVERT ARMS TRANSACTIONS WITH IRAN,
Washington, DC.

The Select Committees met, pursuant to call, at 9:00 a.m., in room 325, Russell Senate Office Building, Hon. Daniel K. Inouye (chairman of the Senate Select Committee) and Hon. Lee H. Hamilton (chairman of the House Select Committee) presiding.

Chairman INOUYE. The hearing will please come to order.

Mr. Nields?

CONTINUED TESTIMONY OF OLIVER L. NORTH, FROM JULY 7

Mr. NIELDS. Good morning, Colonel North.

Mr. NORTH. Good morning, counsel.

Mr. NIELDS. Yesterday you testified about a conversation which you had with the President of the United States on November 25, 1986. I believe you said that he told you, "I just didn't know."

Mr. NORTH. Or words to that effect; yes, sir.

Mr. NIELDS. Following your conversation with the President, did you happen to run into Robert Earl later that day?

Mr. NORTH. I am sure that I did. I went back to my office later in the evening and I am sure that I did see him there.

Mr. NIELDS. You mentioned, did you not, the conversation that you had had with the President?

Mr. NORTH. Yes. I recall that Lt. Col. Earl was in the office and he had known that the President had called, I think probably because the original call in the effort to find me, White House Signal had called through to my office.

Mr. NIELDS. My question is this, and I need to ask it of you, sir. Did you say to him in words or substance that the President had said to you, "It is important that I not know?"

Mr. NORTH. Counsel, I don't recall the conversation that way. I am sure that what I said was basically what I told you yesterday, and that is that the President had told me, "I just didn't know," and it may be that the President said it is important that I, Lt. Col. North, understand that he did not know. But I wouldn't have characterized it the way you have just indicated, I don't believe.

Mr. NIELDS. Yesterday——

Chairman INOUYE. Excuse me.

Colonel, I think it might help if you would lift the mike a little higher.

Thank you.

Mr. NORTH. Yes, sir.

Mr. NIELDS. Yesterday I asked you some questions and you gave some answers about a one-page insert into a draft of Director Casey's testimony that he was going to give on the 21st of November.

Mr. NORTH. Yes.

Mr. NIELDS. And I asked you some questions about a meeting that you had had on the 20th of November, in which his testimony was discussed and in which this one-page insert was discussed.

Do you recall that?

Mr. NORTH. Yes, I do.

Mr. NIELDS. And I believe we brought your attention to a document which was marked exhibit 31, which was that one-page insert, and it had a handwritten interlineation saying, I will read it verbatim, "No one in the USG found," and the sentence continues, "out that our airline had hauled HAWK missiles into Iran."

And you pointed out that that interlineation was not in your handwriting.

Mr. NORTH. That is correct.

Mr. NIELDS. Overnight, the committees have uncovered a second version of this one-page insert which has now been marked exhibit 31A, and in the same place on the insert, the words, "we in CIA" are crossed out and the words "No one in the USG" is written in.

On this new document, is that your handwriting?

Mr. NORTH. That is my handwriting.

Mr. NIELDS. So you wrote on the document, "No one in the USG" and you wrote that in connection with the sentence that had to do with knowledge that the HAWKs had been shipped?

Mr. NORTH. That is correct.

Mr. NIELDS. Did you write those words in during the meeting, do you recall, or——

Mr. NORTH. I don't recall when I wrote them, but I—just to go back to yesterday's testimony, in my description of what that meeting was about, I did not deny that I was trying to change words, and I don't deny that I advocated that.

My principal focus in describing the meeting to you was to say that that was not the principal purpose for the meeting, and I willingly admit that I inserted those words. I do not recall myself being an advocate for this being the only subject discussed at the meeting and I do not recall others at the meeting in any way objecting to those words.

I do recall going back with Director Casey to his office in the Executive Office Building and deleting the offensive language.

Mr. NIELDS. You are talking now—when you say the offensive language, is that the language that you wrote into this document?

Mr. NORTH. I can't recall what the final version did, but the final version did indeed leave it clear that it was the CIA that did not have knowledge of the HAWK shipment.

Mr. NIELDS. But, I am asking you now about—you just referred to the offensive language. Is the offensive language the phrase "no one in the USG?"

Mr. NORTH. Yes.

Mr. NIELDS. And that is the language that you wrote into this document?

Mr. NORTH. That is my writing on this document.

Mr. NIELDS. Was anyone else present in your meeting with Mr. Casey when you took that language out?

Mr. NORTH. I don't recall specifically, but it may well have been Mr. Cave. As I recall, we went back directly to Director Casey's office from Admiral Poindexter's office and not only worked on this, but several other portions of his testimony in preparation for his appearance the next day.

Mr. NIELDS. Following the meeting on November 20, the large meeting in Admiral Poindexter's office, did you receive any telephone calls from Admiral Poindexter or Paul Thompson or anyone else drawing your attention to the fact that the State Department was objecting to this version of the facts?

Mr. NORTH. No.

The first recollection I have of anyone in the State Department objecting to that was in news media, I think about the time I was being transferred or shortly thereafter.

Mr. NIELDS. I want to make sure that I have asked all the questions that are important to ask.

Did you later on that afternoon tell someone, either Commander Thompson or Admiral Poindexter, that notwithstanding the fact that others claimed that the U.S. Government knew, that you and Mr. McFarlane were sticking to your story?

Mr. NORTH. I don't recall that conversation, no.

Mr. NIELDS. I asked you some questions yesterday about the Arms Export Control Act. Now, I take it it is true that you were aware long before November of 1986, that there was a problem under the Arms Export Control Act with the Israeli shipments?

Mr. NORTH. I think I became aware of a problem as early as November of 1985, when we began to work on what I came to call the replenishment problem.

I want to make it very clear, I didn't know there was a replenishment problem until I met directly with the Israeli officials on or about the 17th of November, that I can recall.

I recall very vividly being told that they understood that there was a commitment for immediate replenishment.

Mr. McFarlane was still in Europe and I began to work on solving that problem as well as solving the problem of trying to get beyond the HAWKs issue.

Mr. NIELDS. And I take it that the problem under the Arms Export Control Act was raised again in January of 1986?

Mr. NORTH. My recollection is that that was addressed, that we could solve the problem by having a written Finding which authorized these activities, and that is why I raised the issue yesterday of the discussions that resulted in the original November Finding and then the ultimate January 16th or 17th Finding—I don't recall the date on it—but I was led to believe that there had been a previous Attorney General determination, if that is the appropriate word, which specified that under a Covert Action Finding, arms could be sold to another party, and that the Finding should address that issue of transfers through the CIA.

What I am saying is that we were looking, I thought, for a legitimate way by which these transactions could be either ratified in the case of the previous ones or carried out in the future. And thus the Finding was the document, if you will, that did that.

Mr. NIELDS. So that it was an issue that was brought to your attention in January as you were planning for the future, that there was a problem raised by the Arms Export Control Act, and it needed to be solved?

Mr. NORTH. I believe that that issue had already been addressed in November, and that is why I say I want to go back to the November Finding. My understanding was that the Finding that was prepared and sent to the White House by Director Casey solved that problem, essentially, so that in the course of the time between the 17th, when I was apprised of the need to replenish, and the 26th, my understanding was that we thought we had solved it, legally.

Mr. NIELDS. I would like to take it step by step. And I would like you to refer to an exhibit marked exhibit no. 57.

Mr. SULLIVAN. Which book, counsel?

Mr. NIELDS. That should be book 3. Do you have that in front of you, sir?

Mr. NORTH. Yes.

Mr. NIELDS. It is a PROF message from you, and it is dated January 15, 1986. Just to orient you in time, that would be between the Finding of January 6th, which was signed by the President, and the of January 17th, after the first one and before the second one.

And the committee already has information and testimony that the January 6th contemplated sales by Israel and replenishments by the United States.

Mr. NORTH. I believe the January 6th contemplates direct U.S. sales, and I am trying to recall from a Finding that we wrote over that period of time.

Mr. NIELDS. Before we leave that subject, we better turn to exhibit no. 52. The committee has heard testimony about this exhibit previously from Mr. Sporkin from the CIA. Exhibit no. 52 is a covert action for January the 6th, with a cover memo, and the cover memo describes the operation contemplated by the Finding.

At the bottom of the first page, it says, "Since the Israeli sales are technically a violation of our Arms Export Control Act embargo for Iran, a Presidential Covert Action Finding is required in order for us to allow the Israeli sales to proceed and for our subsequent replenishment sales."

Mr. NORTH. Correct.

Mr. NIELDS. So, the earlier Finding contemplated sales by the Israelis and replenishments by the United States?

Mr. NORTH. Correct.

Mr. NIELDS. OK, now turning back to exhibit 57, that is your PROF message of the 15th of January, and I would like you to turn to the second page, it deals with the proposed arms sales. You make reference to a speech by Secretary Weinberger on the first page at Fort McNair, which you attended; and then at the top of the second page of the PROF message, you state, "Casey believes that Cap will continue to create roadblocks until he is told by you that the President wants this to move now, and that Cap will have to make it work. Casey points out that we have now gone through three different methodologies in an effort to satisfy Cap's concerns, and that no matter what we do, there is always a new objection."

And my question to you is this: Cap is Cap Weinberger, the Secretary of Defense, and his objections, I take it, were that the transaction as contemplated was illegal.

Mr. NORTH. Would you please restate the question?

Mr. NIELDS. Yes. My question is, isn't it the case that the objections of the Secretary of Defense which you refer to in this PROF message were on legal grounds?

Mr. NORTH. I guess so. I am trying to recall exactly what the various three methodologies we had gone through were, but I suppose that they were legal.

Again, I want to emphasize we were looking for a legal way to do this.

Mr. NIELDS. Now I would like you to turn to a page from your notebooks which is dated the same date, January 15th, and it is exhibit 69A. It is not going to be easy to find because the pages as they were given to us were out of date order, but it is a page—you should look for a page which just has the No. 15 at the top, and it is toward the back, about ⅔ of the way through the exhibit, maybe ¾.

There are a number of pages dated January 14, and then the following page just has a 15 at the top of it. Do you have the page with the 15 at the top?

Mr. NORTH. I do.

Mr. NIELDS. Turn it one page over. Is there an entry "call to Ami?"

Mr. NORTH. Ami, yes.

Mr. NIELDS. And that is Mr. Nir?

Mr. NORTH. It is.

Mr. NIELDS. And he was your Israeli contact in connection with the arms transactions?

Mr. NORTH. By then, he was. By—in fact the first of January, he was.

Mr. NIELDS. I take it you are making notes of a conversation you had with Mr. Nir?

Mr. NORTH. That is correct.

Mr. NIELDS. And the first note is, "Joshua has approved proceeding as we had hoped." Who is Joshua?

Mr. NORTH. Joshua was an Israeli-originated code name for one of the Israeli officials.

Mr. NIELDS. I would like you to turn to the back of this exhibit, 69A, the very last page. Is that a code sheet?

Mr. NORTH. Yes.

Mr. NIELDS. Relating to the Iranian transaction?

Mr. NORTH. It is.

Mr. **Nields**. About ¾ of the way down the page, in the right-hand column, you will see the word "Joshua." Do you see it?

Mr. **North**. Yes. I have got it. I was wrong. I had forgotten the codes.

Mr. **Nields**. Who was Joshua?

Mr. **North**. The President.

Mr. **Nields**. The second paragraph says, or the second line in your note is "Joshua and Samuel have also agreed on Method 1." First, I think I better ask you who Samuel is.

Mr. **North**. Well let me check, so I don't make a mistake. Secretary Weinberger.

Mr. **Nields**. And what is Method 1?

Mr. **North**. Well, I don't recall, but it was probably the arrangement that we eventually consummated to replenish the Israeli TOWs and weapons through the CIA.

Mr. **Nields**. Well, take a look again at your code sheet, in the middle of the way down the code sheet, it says Method 1, Method 2, and opposite Method 1 it says replenishment by sale, and Method 2 is replenishment by prepositioning?

Mr. **North**. That does refresh my memory. The two alternatives that had been discussed, and I am not sure how far we ought to go in public session on this, but one of their concerns, and I think a justifiable one, was that at this point in time, we were back to discussing TOWs and that there was a quantity of TOWs that was considerable, as you have seen in the memoranda I prepared, and they were concerned that if that many were shipped and there was not either an immediate replenishment, either by sale, then Method 2 could possibly be acceptable to them, and Method 2 would have said we will preposition our stocks, our weapons there. So that in the event of a national security emergency for them they could be immediately turned over.

That was one of the methods that we looked at of the many different alternatives for replenishing what the Israelis had already sent in September.

Mr. **Nields**. So, prepositioning would be to have our weapons already in Israel before any Israeli shipments?

Mr. **North**. Yes. As I recall, there was also a third method that we would agree to replenish within a certain number of hours, as had been done, for example, in 1973, where we flew massive quantities of materiel in U.S. military aircraft to Israel on very short notice.

Mr. **Nields**. And Method 1, I take it, was to have the Israelis ship first and the U.S. replenish later, and that is the method which you are communicating to Mr. Nir on the 15th that Joshua and Samuel have agreed to?

Mr. **North**. No. The important point is—and I am not too sure which sequence we get into as to whose weapons would actually go to Iran—the important point in this whole methodology and this discussion is that we were going to agree to sell to Israel the replacements for the stocks that they had already shipped, and if they shipped any more in the future.

Now we eventually came to the point where we decided we didn't want them to ship directly because of other complications.

Mr. Nields. We will get to that in a minute. Let's stay with this conversation that you are having with Mr. Nir.

Mr. North. I am speaking specifically of the replenishment issue, which was brought to my attention in November, and that I worked to find a legitimate, legal way to replace what they had already shipped, and that we would replace anything that they shipped in the future.

The important thing to understand is that—there appears to be, or appears to have been a considerable misunderstanding between the Israelis and Mr. McFarlane over what was agreed to as early as the summer of 1985. That generated an enormous amount of work on my part and the people in the Defense Department as to how it was we were going to replace.

They obviously felt that they had received a commitment for—perhaps even simultaneous or very nearly simultaneous replenishment. That was not what I was led by Mr. McFarlane to understand that he had committed to, but that is certainly what they had understood. And so we began an intense period of activity looking for ways in which either the DOD could sell directly through the foreign military sales, and we eventually found away to do it legally, I think, through a Finding.

And that is why yesterday, I said I believed that the November Finding had been coordinated throughout the Government like other Findings, not at a lower level, but certainly at a top level, as Director Casey advocated in his cover memo to Admiral Poindexter or to Bud McFarlane—I don't remember who he addressed the November Finding to. It was clearly something that I thought we had solved at least the foundation problem, and we further amplified on that in the January Finding.

Mr. Nields. We are going to see whether it was solved in the earlier Findings in a minute, colonel, but I want to keep going with the conversation with Mr. Nir.

Mr. North. I understand, but——

Mr. Nields. The next question I want to ask you——

Mr. Sullivan. Counsel. Counsel, it must be obvious that the colonel is trying to answer your question and—I think it is up to counsel, Mr. Chairman, to permit the witness to answer the question fully.

Thank you sir.

Mr. Nields. I have not put a question to him. I am about to put——

Mr. Sullivan. You are interrupting—you are interrupting his answer.

Mr. North. I am still trying to answer the last question.

Mr. Sullivan. Don't you interrupt me either.

Mr. North. Yes, sir.

Chairman Inouye. May I suggest to the counsel, as he knows what the rules provide for, please address the chair.

Mr. Sullivan. I thought I did, Mr. Chairman, I was—of course didn't get any favorable rulings yesterday; I thought I would take a straight shot at counsel.

My point is, it is absolutely clear that counsel interrupted the witness. That is why I felt compelled to bring it to your attention. And I think the witness feels he was interrupted because for several moments he tried to say, "No, I want to say something else." So, please, Mr. Chairman, direct your counsel to permit Colonel North to answer the question the way he sees fit.

Thank you, sir.

Chairman INOUYE. Please proceed.

Mr. NIELDS. Colonel North, your next note——

Mr. SULLIVAN. Excuse me, counsel. He is going to finish his answer.

Proceed.

Mr. NORTH. Counsel, what I was trying to say is that—and I am trying to be very straightforward about this—I think that we all believed that by the time we had gone through the various iterations of trying to solve this replenishment problem, that we had solved that problem. I don't think that there was any chicanery or efforts to hide the fact that we worked very hard to find a legitimate, legal way to do it.

There were certainly people who must have had concerns that we couldn't sell from Pentagon stocks directly to the Israelis under the Arms Export Control Act prohibitions, et cetera, and that what we were looking for, and I thought that we found and I am sure that the other people who worked on this, to include the general counsel at CIA, and I thought the people at Justice, who I eventually worked with directly, had solved that problem.

If what you are saying is that we all saw problems with the Arms Export Control Act, I am not arguing with that. What I am trying to say is that we were looking for a legal, legitimate way to do it, and I thought we had found it.

I am asking you not to make more of these conversations than there is there. There is not some hidden agenda——sir.

Mr. SULLIVAN. Next question.

Mr. NIELDS. Finished?

Mr. SULLIVAN. Finished. Thank you.

Mr. NIELDS. I take it that was an answer to the question of whether you pursued method 1, which was replenishment?

Mr. NORTH. It was.

Mr. NIELDS. Thank you.

Mr. NORTH.—by sale.

Mr. NIELDS. The next entry on this note of a conversation with Mr. Nir is, "Resupply should be as routine as possible to prevent disclosure on our side. May take longer than 2 months. However, if crisis arises, Joshua promises that we will deliver all required by Galaxy in less than 18 hours."

Mr. NORTH. Right.

Mr. NIELDS. I take it you were communicating to Mr. Nir a decision that had then been made by the President concerning the circumstances under which we would replenish?

Mr. NORTH. Exactly.

Mr. NIELDS. The next entry is, "Joshua also wants both your government and ours to stay with no comment if operation is disclosed."

Mr. NORTH. That is what we committed to on both sides.

Mr. NIELDS. And again, you were communicating to Mr. Nir instructions that you had received from the President?

Mr. NORTH. Well, I want to make it very clear, I did not receive those directly from the President of the United States.

Mr. NIELDS. Who did you receive those from?

Mr. NORTH. Those instructions were received by me from Admiral Poindexter, who specifically told me that "here's what had been decided and here's how we are going to proceed, and communicate that to your Israeli point of contact."

And I communicated it to him exactly as I had gotten it. And I don't see anything then, I did not see anything then nor do I see anything today that is wrong with that kind of a commitment.

Mr. NIELDS. The next entry is, "If these conditions are acceptable to the banana, then oranges are ready to proceed." What is "banana"?

Mr. NORTH. I have to turn back to the code sheet. "Banana" is Israel. I can't find—I got it. "Oranges" is the United States.

Mr. NIELDS. However, in fact, when the Finding was signed 2 days later, the transaction was structured differently.

Mr. NORTH. No. The transaction to replenish the Israelis didn't change, I don't believe.

Mr. NIELDS. Well, I think I would like you to turn to exhibit 60. Do you have that in front of you?

Mr. NORTH. Not yet, counsel.

Mr. NIELDS. Exhibit 60 is a Covert Action Finding of the 17th of January, together with a cover memo relating to that Finding.

Mr. NORTH. That is correct.

Mr. NIELDS. At the bottom of the first page of the cover sheet, it states: "As described by the Prime Minister's emissary, the only requirement the Israelis have is an assurance that they will be allowed to purchase U.S. replenishments for the stocks that they sell to Iran."

And above that is described an Israeli proposal of Israeli sales followed by U.S. replenishments.

The next sentence reads: "We have researched the legal problems of Israelis selling U.S.-manufactured arms to Iran. Because of the requirement in U.S. law for recipients of U.S. arms to notify the U.S. Government of transfers to third countries, I do not recommend that you agree with the specific details of the Israeli plan."

"However, there is another possibility. Sometime ago, Attorney General William French Smith determined that under appropriate Finding, you could authorize the CIA to sell arms to countries outside the provisions of the laws and reporting requirements for foreign military sales."

Then it refers, lower down in that page, to direct sales by us to Iran not involving Israel.

So I take it it is fair to say that the plan changed?

Mr. NORTH. Yes.

Mr. NIELDS. And that was because of concerns arising, legal concerns arising under the Arms Export Control Act?

Mr. NORTH. Exactly, and what I want to emphasize, counsel, is that between the 17th of November and the 17th of January, we got smarter as we went along in terms of what the constraints might be and the proper and best way to carry this out.

Mr. Nields. So you discovered that the proper way to do it in the future and at the same time discovered that the way that it had been done in the past created legal problems under the Arms Export Control Act?

Mr. North. To this day, counsel, I, who am not a lawyer and do not pretend to be, am not certain that there is any flaw in the way that it was done during the summer. Certainly by—summer of '85. Certainly by January of '86, I and the people with whom I was working recognized that there was a better way.

I do not admit here—and I was not necessarily a part of the earlier transactions as they were agreed to—but I don't believe that anybody set out to violate the law. I don't believe the Israelis did, I don't believe Mr. McFarlane did, when the transactions which occurred in 1985, were arranged.

What I am saying to you is, we were trying very hard to make sure that the Israeli TOWs, which had been shipped in September, got replenished. We were trying very hard to make sure that whatever we did in the future was proper, and what you have here is not a conspiracy but an effort on the part of hard-working government employees to do it the right way for the broader purposes I tried to define yesterday. And that is all this is.

Mr. Nields. In the middle of the first page of the Finding, again after referring to the Israeli plan, it says, "To achieve the strategic goal of a more moderate Iranian Government, the Israelis are prepared to unilaterally commence selling military materiel to Western-oriented Iranian factions."

Of course, in fact, the Israelis weren't prepared to commence such sales, they were prepared to continue them.

Mr. Sullivan. Where are you reading from?

Mr. North. Counsel, I don't see this on the Finding. Where are we?

Mr. Nields. Middle of the first page of the cover sheet.

Mr. North. I see.

Mr. Nields. It is the second sentence of the second paragraph. And it reads, "To achieve the strategic goal of a more moderate Iranian Government, the Israelis are prepared to unilaterally commence selling military materiel to Western-oriented Iranian factions."

Mr. North. That is correct. They were prepared. In fact, they had already done so.

Mr. Nields. But this memo doesn't say that they had already done so. It says they were about to start doing so.

Mr. North. Well, I guess they were prepared to commence, you know, any time we said we will replenish, and that was the whole issue.

Mr. Nields. But there is no reference in this Finding to the prior sales, is there?

Mr. North. Well, this is not a Finding, this is the cover memo to the President.

Mr. Nields. There is no reference in the cover memo to prior sales, is there?

Mr. North. I haven't read the whole thing. Having written it a long time ago, I will read it again.

Mr. SULLIVAN. Do you want him to read it, counsel, or should we agree that the document says what it says?

Mr. NIELDS. If you are willing, I am willing to agree that the document says what it says and makes no reference to prior sales.

Mr. NORTH. OK.

Mr. SULLIVAN. Read it. Read the document.

Mr. NORTH. It does not reference the prior sales, that is correct.

Mr. NIELDS. And it does say that the Israelis are prepared to unilaterally commence selling military materiel? That is on the first page. I will simply state that. I am reading it from the document.

Mr. NORTH. OK.

Mr. NIELDS. And I take it again, I think you have testified to this yesterday, a year later when the chronologies were prepared, that did make reference to the Israeli sales they said in the case of the earlier sale that—the August-September sale, that the United States didn't know in advance that it was going to occur and with respect to the November shipment of HAWKs falsely said that the U.S. Government understood that it was oil-drilling equipment. And that was on the 20th. I take it——

Mr. NORTH. Again, in reference to—you are talking about testimony given—I do not and still have not read what Director Casey said to the committees.

Mr. NIELDS. Referring to the chronologies that you testified yesterday that you participated in preparing.

Mr. NORTH. That is correct.

Mr. NIELDS. And then I take it you were informed on the 21st of November, 1986, for the first time that the Attorney General had come up with the idea that there could be a mental Finding which would have justified the Israeli sales?

Mr. NORTH. I do not know or recall, at least, when I was told about the mental Finding aspect of it, or the verbal Finding, whatever one wants to call it.

Mr. NIELDS. Why don't you turn to exhibit 40. I believe that is in Book 2.

I think you need to look at exhibits 39 and 40. These are pages out of your spiral notebook, and they came to us xeroxed in a somewhat confusing way. Exhibit 39 refers to a call from RCM with AG.

Mr. NORTH. Yes.

Mr. NIELDS. I take it RCM is Mr. McFarlane?

Mr. NORTH. That is correct.

Mr. NIELDS. And he is calling you from the Attorney General's Office?

Mr. NORTH. That is what I wrote down, and I am sure that is what I was told or I wouldn't have written it.

Mr. NIELDS. The committee has heard other evidence that he had an interview that afternoon, the 21st, with the Attorney General in which he told him that he first learned about the HAWK missile shipment in May of 1986. And he understood that they were oil-drilling equipment. I am not asking, I am simply stating for the record that the committee has heard testimony to that effect.

Now the Attorney General is calling you from—excuse me, Mr. McFarlane is calling you from the Attorney General's Office, and you take notes of your conversation with him.

Mr. **North**. That is correct, on little yellow stick-em pieces of paper, which I see are fastened to the wrong page. I am quite sure those 3 pages of stick-em were originally on this page right here.

Mr. **Nields**. And on the 3d page of exhibit no. 40, it states, "RR said, of course, in July."

Mr. **North**. Wait one second, please.

Mr. **Nields**. You see that?

Mr. **North**. Yes, I do.

Mr. **Nields**. Mr. McFarlane is telling you this.

Mr. **North**. Yes, I assume that these are the notes that I made during his call to me on the 21st at 5:45 in the evening.

Mr. **Nields**. And then it says "Intent of Pres. is important." Then it says, "RR said he would support", then it says in quotes, "mental Finding."

Mr. **North**. Yes.

Mr. **Nields**. Do you recall that Mr. McFarlane told you that the Attorney General said these Israeli shipments could be justified by a mental Finding by the President?

Mr. **North**. I do not recall this conversation. I willingly admit that I wrote those words down based on the phone call I had received from Mr. McFarlane.

Mr. **Nields**. For whatever clarification may be served by it, I will turn to exhibit no. 32, which is a PROF message from Mr. McFarlane to Mr. Poindexter in which he refers to—it is also dated the same day. It was sent at 21:01, I take it that is 9:01 p.m.

Mr. **North**. Right.

Mr. **Nields**. It refers to his meeting with the Attorney General in the first paragraph, and then it says, "But it appears that the matter of not notifying about the Israeli transfers can be covered if the President made a 'mental Finding' before the transfers took place." By that time, the false chronologies had already been drafted, and Mr. Casey had already testified.

I would like to turn back again to exhibit 60, which is the Finding, the memorandum and the Finding of January 17. On the second page at the top it states, "The objectives of the Israeli plan could be met if the CIA, using an authorized agent as necessary, purchased arms from the Department of Defense under the Economy Act and then transferred them to Iran directly after receiving appropriate payment from Iran."

Mr. **North**. I am missing where you are, counsel.

Mr. **Nields**. Top of the second page. I don't think you will need to——

Mr. **North**. I see it.

Mr. **Nields**. I am directing your attention to the phrase "authorized agent".

Mr. **North**. Yes.

Mr. **Nields**. Who is the authorized agent?

Mr. **North**. By that time, it was General Secord.

Mr. **Nields**. So General Secord was acting in connection with the Iranian initiative as an agent of the U.S. Government?

Mr. **North**. I am not sure that "agent of" is the correct—and I am not trying to split legal hairs. The purpose was to have, as I understood it, what Director Casey wanted was a plausible deniability separation that the CIA would not be directly face to face with the Iranians or the Israelis, and what we basically did was to mirror what the Israelis had done the previous year.

The Israelis had set up a non-government agent in the case of Mr. Schwimmer, Mr. Ledeen, and Mr. Ghorbanifar to carry out their transactions, and basically what we were doing is replicating in mirror image their organization. We had weapons being sold by the Pentagon under the Economy Act to the CIA, and the CIA selling them to a third party or an agent, in the case of General Secord, who would then complete the transaction. So that there were, if you will, cutouts or compartments in the action.

Mr. NIELDS. Well, let me pose the question to you this way. The evidence that the committee has reflects that on the first two sales conducted pursuant to this Finding, the United States—Mr. Secord's Swiss bank accounts received $25 million as the purchase price.

Mr. NORTH. Yes.

Mr. NIELDS. And that——

Mr. NORTH. Again, I am not saying yes—I understand you. You are talking about the first two sales in '86.

Mr. NIELDS. The first two sales in '86.

Mr. NORTH. February and——

Mr. NIELDS. And from those bank accounts $8 million was paid into bank accounts controlled by the CIA, leaving a difference of $17 million that remained in the Swiss bank accounts under Mr. Secord's control.

My question to you is: Who in the U.S. Government chose to structure the transaction so that there would be $17 million left in Mr. Secord's bank accounts?

Mr. NORTH. Well, I don't know that it was structured to leave $17 million in the account to start with. It was structured so by the time we got to the February transaction, it was structured in such a way that General Secord would become the person who actually conducted the transactions. But the Government of the United States would be paid exactly what it asked for whatever was shipped, and that was what we did with the 1,000 TOWs in February and that is what we did with the HAWK parts that were shipped in May, and eventually the HAWKs—excuse me—the HAWK parts and TOWs later in the autumn.

In each case the decision was made to allow General Secord to be the broker, if you will, for that transaction, that it would be his accounts that would then transfer moneys to the Israelis to the various people who needed to be paid, to include the Government of the United States.

I initially thought the money was coming from the Israelis in the person of Mr. Ghorbanifar—who was widely regarded in our government, at least in the CIA people I talked to, as an Israeli agent—to Mr. Secord's account, to the CIA, and then to the Pentagon to pay for the weapons or the materiel, whatever it was that was being shipped.

That was done for a number of purposes: One, to accrue sufficient funds to pay for Israeli replenishments for what had been shipped in '85; second of all, to generate revenues to support the Nicaraguan Resistance; and, third, to cover the costs of these transactions and ultimately further the cause of the approach we made with the second channel.

Mr. Nields. Who made the decision to structure the transaction in such a way that there was $17 million left for these purposes that you have described?

Mr. North. You keep coming back to $17 million. I have just told you that I got approval to structure the transaction in such a way that there would be residuals remaining from the transaction for the purposes I just told you.

Mr. Nields. Whose idea was it?

Mr. North. If I—I and am going to ask you for the latitude to make a longer discourse than 10 words.

When Mr. Nir arrived in the United States in the end of December or early January of 1985, early '86, the principal concern that he had, as he expressed it to me, was to keep this initiative moving, to further the goals that we—that I clearly understood of an opening to a more moderate regime in Iran, to get beyond the obstacle of the hostages, in other words, to recover them safely, because they were both a legitimate political problem here in the United States—you couldn't deal with the Iranians without getting beyond that—and to carry out a hoped-for, and I think successful while we did it, program of reducing Shiah-sponsored terrorism.

He also had as a very obvious goal, insurance that the Israeli TOWs that had been shipped in September be replenished and that the HAWKs which were sitting in Iran at the time be returned to Israel.

I had by this time had absolutely come to the conclusion that there was no way to do it by having the Israelis walk into the Pentagon and buy 508 new TOWs without it becoming a public issue. They knew that and I knew that.

So Mr. Nir is the first person to suggest that there be a residual and that the residual be applied to the purpose of purchasing replenishments and supporting other activities.

At that point in time, in early January, he did not raise with me the specifics of supporting the Nicaraguan Resistance. That proposal came out of a meeting in—as I recall, later in January, where I met with Mr. Nir and Mr. Ghorbanifar—I am going to say London, but it may have been Frankfurt or it may have been elsewhere—and in that meeting I expressed our grave reservations as to how the structure—which at that point in time focused on several thousand TOWs—would result in what we wanted, and what we wanted were laid out very clearly in the January Findings.

And what we wanted was a more moderate regime ultimately in Iran, the cessation of Iranian Shiah fundamentalist terrorism, and the return of the American hostages, which I viewed as an obstacle and we had to overcome as a first step.

I expressed our reservations that the arrangements that were being made by Mr. Ghorbanifar—and by then acting on our behalf as well as the Israelis—were not going to lead to what we wanted.

What we wanted as a part of that overall program was to establish a higher level meeting well above my pay grade. In fact, I suggested a number of people—and I'm sure you have seen it in my messages to my superiors—a number of people who could meet with senior Iranian officials and various ways in which that could happen.

In that January meeting I told him that I was not confident that we were headed in the right direction, and I tape recorded that meeting. Mr. Ghorbanifar by then was aware of my role in support for the Nicaraguan Resistance. He had seen my name in the newspapers. He is a very well read individual. I had been told by the Central Intelligence Agency, by Director Casey himself and by others in the CIA, that they believed Mr. Ghorbanifar to be an Israeli intelligence agent.

Mr. Ghorbanifar took me into the bathroom and Mr. Ghorbanifar suggested several incentives to make that February transaction work, and the attractive incentive for me was the one he made that residuals could flow to support the Nicaraguan Resistance.

He made it point blank and he made it by my understanding with the full knowledge and acquiescence and support, if not the original idea of the Israeli intelligence services, if not the Israeli Government.

I must confess to you, Mr. Nields, and I think you have seen it in my messages to my superiors, I was not entirely comfortable with the arrangements that had been worked in the summer of 1985 and in the autumn-winter of 1985.

I made it very clear. I was after all the person who in the U.S. Government who had the responsibility for coordinating our counterterrorist policy.

I had written for the President's words, "We will not make concessions to terrorists." For the very first time in January, the whole idea of using U.S. weapons or U.S.-origin weapons or Israeli weapons that had been manufactured in the United States was made more palatable.

I must confess to you that I thought using the Ayatollah's money to support the Nicaraguan Resistance was a right idea. And I must confess to you that I advocated that. To this day, you have referred to it as a diversion. My understanding of the word "diversion" is that what we did is we took something off the course that was originally intended and what we did is we diverted money out of the pocket of Mr. Ghorbanifar and in the enormous files of intelligence that I had received from our intelligence agencies, it was very clear that Mr. Ghorbanifar and perhaps others had made enormous profits on the September and November transactions.

They didn't make them on the November transaction because it was never completed, but they certainly had in the August-September transaction. And I saw that idea of using the Ayatollah Khomeini's money to support the Nicaraguan Freedom Fighters as a good one.

I still do. I don't think it was wrong. I think it was a neat idea and I came back and I advocated that and we did it; we did it on three occasions.

These three occasions were February, May and October, and in each one of those occasions, as a consequence of that whole process, we got three Americans back and there was no terrorism while we were engaged in it against Americans.

For almost 18 months, there was no action against Americans until it started to come unraveled. I believed then and I believe now that we had a chance to achieve a strategic opening and right up until the last minute that I left the NSC, I was in communication with the Israelis and others who were working on the second channel to achieve that end.

The fact is that whether it was Mr. Ghorbanifar himself who originated the idea or Mr. Nir or others within the Israeli Government, it was a good idea. It was a good idea because we weren't using the taxpayers' money, we were using the Ayatollah's money and it went indeed to support the Nicaraguan Resistance.

Mr. NIELDS. You say you were using the Ayatollah's money, and another time you said you were using Mr. Ghorbanifar's money?

Mr. NORTH. Mr. Ghorbanifar was ultimately getting the money from the Ayatollah. I don't know that Ayatollah signed the checks. I know it was Iranian money. We watched the transfers through intelligence.

Mr. NIELDS. But the fact of the matter is Mr. Ghorbanifar was willing to pay that money for those missiles regardless of how the money was used by the U.S. Government? Isn't that true?

Mr. NORTH. I am not—I don't understand the question, counsel.

Mr. NIELDS. Let me try it this way. You already knew before that meeting with Mr. Ghorbanifar—first maybe we better fix the date of the meeting.

I take it the meeting followed the Finding?

Mr. NORTH. I would have to refresh my memory, but I think it did. I am not positive.

Mr. NIELDS. Well, prior to the time of the Finding, Mr. Secord was not going to be the cutout, the Israelis were.

Mr. NORTH. Well, at least someone else would be a third party, that is true.

Mr. NIELDS. But in any event, I take it the best of your recollection is that this conversation occurred in January after the Finding?

Mr. NORTH. I don't want to commit myself fully to that until I look at my travel schedule, which you by now know was intensive, and I will be glad to do so if you have something that will refresh me. But I think it was, yes.

The first meeting with Mr. Nir, I recall vividly, was immediately after Christmas, and was either very late December of '85 or early January of '86.

Mr. NIELDS. And you already knew then that Ghorbanifar was willing to pay $10,000 per TOW?

Mr. NORTH. No. What I knew then was Mr. Ghorbanifar was willing to get $10,000 per TOW. I, to this day, don't know—first of all, in the September transaction, we were never able to determine that I can recall whether or not Mr. Ghorbanifar ever paid a penny for the TOWs that were shipped from Israel. And what we did know is that Mr. Ghorbanifar was willing to receive at least 10,000.

I was subsequently told that Mr. Ghorbanifar had actually gotten 13 or 13½ thousand, $13,500, maybe $14,000 apiece from the Iranians. When we opened the second channel and did a transaction with the second channel, Mr. Nir was extraordinarily upset that we weren't charging the same "high price."

Now, in fairness to Mr. Nir, Mr. Nir very clearly wanted to support other activities, as he put it, through these transactions. There were a number of proposals made; some of those are referenced in the files that I gave you. I believe that those are very, very sensitive documents, and as I said yesterday, I would have believed that executive privilege should have prevented those documents to be turned over, and certainly not disclosed to the world, because those operations can affect the lives of Americans. But those were proposals that Mr. Nir had and that some of the residuals would be used to fund those operations, and I sought approval from my supervisors for those operations.

I discussed those operations directly with Director Casey, and there were various code names as you saw, TA-1, TH-1, in my documents referred to as Mr. Nir defined them.

Incidentally just one last point. If you will indulge me. I realize that people snicker when they refer to the code sheet. The reason we were using the code sheet was not some joke or some childish code from Captain Midnight. We were talking on open telephone lines, and I will tell you right now that were not for that code and the fact that we were able to talk over open telephone lines, we might not have been able to capture the terrorists who sea-jacked the Achille Lauro and killed Leon Klinghoffer.

Mr. NIELDS. I think the only question has to do with price.

Mr. NORTH. I know it has to do with price.

Mr. NIELDS. I think the only question has to do with price.

Mr. SULLIVAN. Mr. Nields. Mr. Chairman, if the witness believes that something is related to the subject matter of the questions, he should be permitted to answer.

Chairman INOUYE. The question related to price, and I hope that the witness will respond to the question.

Mr. NORTH. Mr. Chairman, I have tried to respond to the question of price. The way the question was asked, Mr. Chairman, was, who authorized $17 million, et cetera, to go to that account. And I am saying that what I was authorized to do was to allow that account to be used to further these transactions and the purposes to which the residuals generated by those transactions would be used, and I sought approval for that and I was granted approval for that.

Chairman INOUYE. We permitted you over 10 minutes to make that explanation. The question now is price. Please respond to that.

Mr. SULLIVAN. Mr. Chairman, I object to that. Colonel North is attempting to do the very best he can, and I want to say to the chairman, and I should put it on the record right now, that I believe that we are being subjected to a stall job. We met with you, Mr. Chairman——

Chairman INOUYE. Who is responsible for the stall, sir?

Mr. SULLIVAN. Counsel. Let me clarify one thing, sir, please.

When you and I and Senator Rudman and Mr. Hamilton sat across the table and tried to arrive at a solution in which we balanced the interests of Colonel North and weighed his constitutional rights against the committee's need to obtain the facts, we left that meeting and those negotiations relying upon the intention, not promise, the intention of the committee to resolve its questioning of Colonel North within 4 days.

A letter was sent to me by counsel after that meeting saying that you intended to conclude these—the questioning by July 10th. Over the last day and several hours, I must say that the rambling questions and the inability to finish the subject matter and proceed to another has caused me concern. When Colonel North wants to give an answer which seems to tell the story, he is cutoff and Mr. Nields keeps saying to him, "Well we will get back to that." Well get back to that. I'd suggest that if you give Colonel North the opportunity to tell the story, he can tell the story.

I was disheartened last night, Mr. Chairman, when I saw on the national news two Senators make reference to the fact that these hearings were likely to go into next week. I don't know why they should go into next week. The intention of the committee was that there be 4 days, that there be 30 questioners. I don't know what has happened, and I don't want to prejudge the committee, as some members of the committee have prejudged Colonel North, but I suspect to you sir that what is happening here is we are meandering through questions in a disjointed fashion so that when it comes Friday, you can say, Mr. Chairman, that it is necessary to continue on Monday or perhaps Tuesday.

As a trial lawyer, I know a stall when I see one. There has never been a lawyer that tried a case who didn't know that stalling, and putting a weekend in between a witness's testimony so you can dissect his examination and ask further questions on Monday is not a good tactic.

So, I would request, Mr. Chairman, that if Colonel North is given the opportunity to answer the questions fully as he believes—as he is trying to do, I would suggest that we would make a great deal of progress and that the committee would be able to fulfill its promise to us, its stated intentions that we finish this matter on Friday, and we are doing our best to do that.

And I might add that we are willing, if the committee is willing, to sit a longer day. For example, yesterday, with a 2-hour lunch and concluding at 5:00, those kinds of short schedules are likely to lead us into next week. So we earnestly request and respectfully request—and I hope the committee hasn't changed its intention despite the statements of a couple of Senators last night. Our goal here is to finish this by the close of business Friday, and I know Colonel North is trying his hardest to do that and I am trying to do so as well.

Chairman INOUYE. May the record show that it took 4½ minutes to explain the stall.

Senator Mitchell.

Mr. SULLIVAN. Mr. Chairman, I thought if I did lay out clearly and respectfully to you what my concern was, that perhaps it would facilitate speeding up instead of trying to drag this proceeding into next week and submit Colonel North to the incessant questioning of 30 people.

Thank you, sir.

Mr. MITCHELL. Mr. Chairman, may I be recognized?

Chairman INOUYE. Yes, sir.

Mr. MITCHELL. Mr. Chairman, I was present at the meeting to which Mr. Sullivan referred, and I believe the record should show that at that meeting I stated to Mr. Sullivan that in my judgment his two requests, one that there be no prior private testimony, and, second, that the testimony in public be limited to 30 hours, were inconsistent and incompatible and that the inevitable effect of not having prior private testimony would be to make the public testimony much longer than would otherwise be the case. And that in my view, if he insisted in pursuing his demand for no prior private testimony, as he did, and as this committee acceded to his demand, that inevitably counsel would have to in public go over many areas that they would not have to do in private.

As you will recall, Mr. Chairman, and members of the committee, it was at my insistence, anticipating that precisely this type of statement would be made at some point in the proceedings, that I insisted that the letter of intention include an explicit statement to the effect that this was not any binding commitment and depending on the scope and nature of the testimony and other facts and circumstances as they may arise that the testimony might go beyond that.

Therefore, Mr. Chairman, I think the record should show that in my judgment I believe the committee members should know this objection is wholly unfounded without any merit, and I believe the counsel should be permitted to question, as he has, because he has not had the opportunity to question in private, and, therefore, he must cover these areas as thoroughly as he can.

Mr. SULLIVAN. May I respond, Mr. Chairman?

Chairman INOUYE. I thank the Senator from Maine and may the record also show that as far as the chair is concerned Mr. Nields has been carrying on in a very orderly and professional manner.

Mr. SULLIVAN. May I respond briefly Mr. Chairman, please?

Chairman INOUYE. Briefly, sir.

Mr. SULLIVAN. Yes. Mr. Mitchell accurately describes the views that he presented at the meeting and apparently those views were overruled because I received a letter from counsel in paragraph 5 which says as follows "the committees intend to complete Lt. Col. North's testimony by the close of the hearing on July 10, 1987, and do not intend to recall Lt. Col. North for further testimony." I am leaving out some of the remaining words.

Mr. MITCHELL. Read the whole paragraph Mr. Sullivan.

Mr. SULLIVAN. I'll be glad to.

In fact, I would like to make this a part of the record. I left out the words because it is unrelated to this particular issue. I will read it again, "The committees intend to complete Lt. Col. North's testimony by the close of the hearing on July 10, 1987, and do not intend to recall Lt. Col. North for further testimony unless extraordinary developments create a compelling need therefore, and that any such recall"—not initial testimony, Mr. Mitchell—"recall, would be limited to the matters that necessitated the recall."

My point is that in order to accommodate Lt. Col. North's——

Mr. MITCHELL. Did you read the whole paragraph?

Mr. SULLIVAN. Yes, sir. Would you like to see it?

Mr. LIMAN. Mr. Chairman——

Chairman INOUYE. Please.

Mr. HAMILTON. Mr. Chairman—let me make clear—this is——

Mr. SULLIVAN. We were told—this is not a binding agreement, I don't want to mislead you. It is the intention, the stated intention of Mr. Hamilton and Chairman Inouye. We are relying on the stated intention to go forth. I found it a little disheartening last night to see two Senators say that they are going to go into next week. Now what happened yesterday that all of a sudden the intention is not able to be complied with? It is just an intention. We are asking that the intention that we relied upon be kept.

Chairman **Inouye**. I believe you have had enough time. May I, for the record, so that the record will be clear, read the rest of this paragraph. "Although it is not now the intention of the committees, the scope and nature of Lt. Col. North's testimony could result in his testimony continuing beyond 4 days and in his later recall, matters on which the committees are not waiving their power and we understand that you are not waiving any rights."

Mr. **Sullivan**. Mr. Chairman, I ask that the whole letter be put into the record as an exhibit.

Chairman **Inouye**. It is so ordered.

[The exhibit appears at p. 1621.]

Chairman **Inouye**. And your objection is overruled.

Mr. **Sullivan**. Thank you, Mr. Chairman.

Chairman **Inouye**. Mr. Nields, proceed.

Mr. **Nields**. Colonel North, my question is this. Mr. Ghorbanifar was willing to pay, I take it, a certain amount of money in order to acquire missiles from the United States?

Mr. **North**. Yes.

Mr. **Nields**. And that amount was $10,000 per TOW?

Mr. **North**. I don't know that that was the peak price that he was willing to pay. Again, I think that——

Mr. **Nields**. It was the price he did pay, wasn't it?

Mr. **North**. I would have to have my memory refreshed on exactly what he did pay, but I guess it is somewhere in that——

Mr. **Nields**. 1,000 TOWs, $10 million, I think the math comes up with $10,000 per TOW.

Mr. **North**. OK.

Mr. **Nields**. And he was willing to pay that money whether we used it to put into the U.S. Treasury or whether we used it to support the Contras; isn't that true?

Mr. **North**. Yes.

Mr. **Nields**. He suggested that we might want to use it to support the Contras, but that was up to us.

Mr. **North**. Correct.

Mr. **Nields**. So it was our money that was going to the Contras, not Mr. Ghorbanifar's.

Mr. **North**. You've lost me, counsel. I was with you right up until you said that. When you said our money——

Mr. **Nields**. $10 million Mr. Ghorbanifar was willing to pay to acquire U.S. missiles and he did pay it; am I correct so far?

Mr. **North**. No. He is willing to pay perhaps even more. He actually charged—from what we were able to determine from intelligence, he actually charged considerably more. To the parties that were buying.

Mr. **Nields**. He was willing to pay $10 million, wasn't he?

Mr. **North**. He did pay——

Mr. **Nields**. And he did pay $10 million.

Mr. **North**. But I want to make it clear that he was willing to pay that for those missiles whether he got them here or he was able to get them from Israel or wherever he could get them.

Mr. NIELDS. That was what he was willing to pay and did pay for the missiles sold by the U.S. Government?

Mr. NORTH. If you say the first transaction was $10 million, I will believe you.

Mr. NIELDS. I do. And we could do with that money what we wished, as a government; isn't that true?

Mr. NORTH. I'm trying to be helpful, but the Government of the United States was not out there dealing directly with Mr. Ghorbanifar.

Mr. NIELDS. You just testified to a meeting that you had in the bathroom.

Mr. SULLIVAN. Let him finish his answer. Mr. Chairman, please sir.

Chairman INOUYE. Please address the chair.

Mr. SULLIVAN. Mr. Chairman.

Chairman INOUYE. Yes, sir.

Mr. SULLIVAN. Could counsel please could counsel please permit the witness to finish his answer and not to interrupt him in mid-answer?

Chairman INOUYE. The counsel will decide the pace, sir.

Mr. Nields.

Mr. SULLIVAN. Mr. Chairman, I object. I believe you are making the rulings here. I make the objections, you make the rulings. Please don't permit him to make his own rulings.

Chairman INOUYE. The Chair is making the rulings, sir.

Please proceed.

Mr. NIELDS. Did you meet with Mr. Ghorbanifar directly, face to face?

Mr. NORTH. Yes. I met with Mr. Ghorbanifar face to face and in those meetings after the meeting in January I then introduced General Secord, I believe he was using a pseudonym at the time that we had arranged for, and he became the person with whom Mr. Ghorbanifar negotiated prices, delivery schedules, arrangements, and General Secord then became the person who went back and paid the Government of the United States, through the CIA, exactly what the Government of the United States wanted for the commodities that it provided.

You keep saying that it was our money. General Secord was an outside entity who had been established as an outside entity many, many months before in order to support the Nicaraguan Resistance, as I described yesterday, by authority that was given to me. And I am the person that recruited this poor man into this.

The fact is General Secord became the person who then was the outside party to be in direct contact. So when I made the initial arrangements, I didn't establish the final price, I certainly didn't establish the price that the Government of the United States wanted for the commodities that it was providing.

That price was determined in dialog between the Defense Department and the Central Intelligence Agency through a system that is long and well established.

When the Government of the United States decided on its price, it communicated it to me, I told General Secord what the price was and he further dealt with Mr. Ghorbanifar and the Israelis and others. He made arrangements to move them, he made arrangements to deliver them.

Mr. Nields. When you met face to face with Mr. Ghorbanifar in the bathroom, were you meeting with him as a representative of the U.S. Government?

Mr. North. I was.

Mr. Nields. Isn't it a fact that at that meeting, you already knew that Ghorbanifar was willing to pay $10,000 a TOW?

Mr. North. By that meeting, as I said earlier, we knew from our intelligence that he was willing to pay at least $10 million, and that he received a sum above that from the Iranians, considerably above that.

Mr. Nields. Who decided how that $10 million was going to be used—you, Mr. Secord, or someone else?

Mr. North. I described for General Secord the purposes to which I thought that money ought to be applied, and throughout my long experience with General Secord, who after all, had been referred to me by Director Casey, who was the one that suggested him back in 1984 as the person to assist us outside the Government to comply with the Boland proscriptions, I relied on General Secord to carry that transaction out.

There were various points in time when we would discuss these activities. I certainly had to tell him what the Government was going to charge for various commodities, but ultimately the decision was his.

And yet, I wish to point out he always, to my knowledge, did what I asked.

Mr. Nields. Are you testifying that the transaction was set up, structured in such a way that it was up to General Secord to decide how the residuals were going to be used?

Mr. North. Well, I don't want to put it all on his back. There was always a concert of opinion that the purposes of the residuals were as follows: To sustain the Iranian operation, to support the Nicaraguan Resistance, to continue other activities which the Israelis very clearly wanted, and so did we, and to pay for a replacement for the original Israeli TOWs shipped in 1985.

And we, I think, used that money for that purpose.

Mr. Nields. And whose decision was it how those moneys were to be used?

Mr. North. Well, I got authority—I briefed my boss, I talked to Admiral Poindexter about it, I talked to Director Casey about it, and I communicated it back to General Secord and said, here is what we have to do, you figure out how you are going to allocate the moneys to accomplish those purposes, and to my knowledge, he did so.

Mr. Nields. So you, and you testified to this yesterday, sought approval from the National Security Adviser and the President of the United States as to how this money was to be used?

Mr. North. I want to make it very clear Mr. Nields. I did not say I sought it from the President. I assumed that I had from the President and was subsequently told that I didn't have it from the President.

Mr. **Nields**. You wrote memoranda that you sent to the National Security Adviser recommending that he obtain approval of the President?

Mr. **North**. That is correct.

Mr. **Nields**. So you sought Presidential approval.

Mr. **North**. Yes, but something else that I tried to say yesterday, Mr. Nields, is—I sent forward memoranda that described what we hoped to accomplish, and in the one exhibit that you showed me that was left in my files, that was found by the Attorney General's representatives in my office and in my files, there is a very brief two-subparagraph mention in a multi-page memo describing what we are about.

That very brief reference is the only reference in that memo to what you have called the diversion. And what I am saying to you is the memoranda that I sent forward described the overall process that we were about. It described what we were trying to accomplish, and in very brief mention, it talked about what we hoped to achieve as part of that process.

Mr. **Nields**. My question is why, if it was up to Mr. Secord to decide what to do with the $10 million, did you seek the President's approval to use it for the Contras?

Mr. **North**. What I sought was—as I just tried to articulate—I sought the overall approval for the overall plan, a part of—and in fact, a relatively small part of the overall plan for dealing with the Iranians was the use of residuals from those transactions to help the Nicaraguan Freedom Fighters.

It was, if you just look at the number of words dedicated to that aspect of it in the one memo that still exists, it is a very brief mention. Not because it is trying to be buried, but because it was a very—relatively small part of it.

It has been made an enormous political event, but I am telling you it was a relatively small part of the overall objective.

The overall objectives were what I had just articulated. We were striving, as the Finding clearly indicates—and I wrote those words into the Finding, those words had come from the earliest discussions I had with Mr. Ledeen and Mr. McFarlane in the summer of 1985 as to what we hoped to achieve as a consequence of these deliveries or transactions with the Iranians.

That is what we were about.

Mr. **Nields**. I don't want to belabor the point, but let me see if I can ask the question simply once and see if you can answer this one way or the other.

Whose decision was it whether the moneys would be used for the Contras or not? Somebody in the U.S. Government, or General Secord?

Mr. **North**. The decision was made that residuals from those transactions would be applied to support the Nicaragua Resistance with the authority that I got from my superiors, Admiral Poindexter, with the concurrence of William J. Casey and I thought at the time the President of the United States.

I later learned that the President was unaware of that aspect of these transactions.

Mr. NIELDS. And if the U.S. Government had decided that the $10 million less expenses should all be paid into the U.S. Treasury, then that is what would have happened, isn't it?

Mr. SULLIVAN. He has answered the question, Mr. Nields.

Mr. NORTH. Please, counsel.

Mr. SULLIVAN. One time.

Mr. NORTH. You know, the U.S. Government charged X thousands of dollars for a commodity. If I were to buy a piece of land from the U.S. Park Service for $10,000 and then a year later or a week later go out and sell it for $20,000, would the Government of the United States lay claim to my $10,000 profit? I know I am not supposed to ask the questions.

Mr. NIELDS. That did not answer my question. Counsel said you already answered it.

Mr. SULLIVAN. That is right.

Mr. NIELDS. I would like an answer.

Chairman INOUYE. I hate to remind counsel, but he is well aware of the rules. Please address the chair.

Mr. SULLIVAN. Yes, Mr. Chairman.

Chairman INOUYE. Let's not stall the proceedings.

Mr. SULLIVAN. Mr. Chairman, if taking 4 minutes to explain my position can expedite the proceedings and remind the chair of its intended—its intention to us to complete these hearings in 4 days, then I think it is 4 minutes well worth spent.

Chairman INOUYE. Please proceed.

Mr. NORTH. Whose turn?

Mr. NIELDS. The question was, if those higher-ups in the U.S. Government from whom you sought approval decided that the $10 million should not, any part of it, be sent to the Contras but should all come back to the U.S. Treasury, that is what would have happened, isn't it?

Mr. NORTH. Yes.

Mr. NIELDS. So it was our money that was going to the Contras, wasn't it?

Mr. NORTH. I disagree with your conclusion, counsel.

Chairman INOUYE. Is this a good time for a recess?

Mr. NORTH. I am sorry, Mr. Chairman.

Chairman INOUYE. Please proceed.

Mr. NORTH. I disagree with your conclusion. If my boss had told me, "Ollie, every penny that comes from this thing goes right back into the Treasury of the United States of America," that is exactly what I would have asked General Secord to do. And I am confident that is exactly what he would have done. OK?

I was never asked to do that. I got approval to do what I did and I didn't do anything without approval.

And I am not trying to pass it all off on somebody else. I was a part of the decisionmaking process, and that I strongly advocated positions, as you have seen in my notes, as you have seen in the voluminous pile of documents. I was a part of a process. I took strong positions that I believed in. I tried to define the risks and the benefits and to lay before my superiors, what I thought the advantages of doing—of pursuing a certain course of action. And I believe that they carried them out with the full authority that they had. And I still, to this day, counsel, don't see anything wrong with taking the Ayatollah's money and sending it to support the Nicaraguan Freedom Fighters.

Mr. NIELDS. Yes, Mr. Chairman.

Chairman INOUYE. We will recess for 10 minutes.

[Brief recess.]

Chairman INOUYE. May we have order.

Mr. Nields.

Mr. NIELDS. Colonel North, was it your arrangement or any part of your arrangement—or the Government's arrangement with General Secord, that some part of the money received from the sale of arms to Iran was to go to Mr. Secord's personal benefit?

Mr. NORTH. The arrangement that I made with General Secord starting in 1984 recognized that those who were supporting our effort were certainly deserving of just and fair and reasonable compensation.

After all I had—and it may be important to understand how he came to be engaged in this because when, in 1984, we were approaching the proscriptions under Boland, Director Casey and I had had a number of discussions. I had made a number of trips, and I had obviously by then become much more engaged in the support for the Resistance.

Director Casey is the one who had suggested General Secord to me as a person who had a background in covert operations, a man of integrity, a West Point graduate, a man who had experience in these kinds of matters, and was a man who, by Director Casey's definition, got things done, and who had been poorly treated. Those were his words.

I approached General Secord in 1984 and asked that he become engaged in these activities. He was at that point in time out of the Government, and an American businessman. He thought for several days or weeks about the matter.

I went back to him again and at some point in '84, he agreed to become actively engaged. He agreed to establish, and did, private commercial entities outside the United States that could help carry out these activities.

It was always viewed by myself, by Mr. McFarlane, by Director Casey, that these were private commercial ventures, private commercial activities, and I always assumed—and I think I specifically said on a number of occasions—that certainly because he was being taken from his other pursuits that fair and just, reasonable compensation was deserved, as it was by the pilots that flew the airplanes and the mechanics that fixed them, et cetera.

Chairman INOUYE. May I interrupt? A vote is now in progress in the U.S. Senate. Mr. Sullivan, we will be leaving for a few minutes to vote. Please proceed.

Mr. NIELDS. Just to make sure that we have the answer on the record, was it part of your understanding with Mr. Secord that the proceeds—some of the proceeds of the sale of arms to Iran would inure to his personal benefit?

Mr. NORTH. As fair, just and reasonable compensation, yes.

Mr. NIELDS. And on whose authority did you enter into that arrangement?

Mr. SULLIVAN. May I note just for the record that the rules require that one Senator be present in order that there be a quorum?

Mr. **McClure**. Let the record note that one is.

Mr. **Sullivan**. Thank you, sir. I didn't see you hiding up there. You got me on that one. One for the Senate. It's just that when there are so few of us over here and so many over there, it is hard to keep track, Senator.

Mr. **Nields**. Do you have the question in mind?

Mr. **North**. Forgive me, please repeat it.

Mr. **Nields**. On whose authority did you enter into an arrangement with General Secord that he would be able to take compensation out of the proceeds of arms sales to Iran?

Mr. **North**. Well, again, I want to go back to what I said earlier. It was clearly indicated to Mr. McFarlane and Admiral Poindexter and in fact almost drawn up by Director Casey, how these would be outside the U.S. Government, and that I told them right from the very beginning that those things that he did deserved fair and just compensation.

And so, I don't know that I specifically said that this transaction vis-a-vis some other transaction would or would not result in compensation being derived therefrom. So, what I am saying is, it was simply a continuation on another mission by which he was entitled to that.

I don't think I specifically addressed that issue to anyone, because it was already known from his earlier activities in support of our foreign policy in those private activities from 1984 on.

Mr. **Nields**. So, to your recollection, you never discussed with Admiral Poindexter, for example, the fact that some of the proceeds of the sale of arms to Iran would inure to General Secord's personal benefit?

Mr. **North**. No, but—and counsel, I am not trying to be a nitpicker on this thing, but I am saying that it was recognized that he had established a number of commercial enterprises or activities or companies outside the United States that needed to be supported, and that they would be set up as commercial activities and that he would be compensated right from the very beginning.

I don't believe anybody focused on a specific activity that would—or a specific activity that wouldn't achieve that benefit.

Mr. **Nields**. How much under your arrangement with General Secord was he to take from the proceeds of the sale of arms to Iran?

Mr. **North**. I don't recall that we ever discussed a specific amount of what reasonable compensation was. As I told you, I trusted that General Secord was, and as far as I am concerned today still is an honorable man, and that when he said, you know, I am being taken from my other activities, and I said fair and just compensation is appropriate, I trusted that he would do so.

And I don't—I never recall discussing a specific amount or rate or percentage or anything like that.

Mr. **Nields**. How did the Government keep track of how much General Secord was taking for his own personal benefit?

Mr. **North**. You keep saying it that way, and—I relied on the reports that I got from him.

Mr. **Nields**. What kind of reports did he give to you?

Mr. **North**. I would periodically get a summary statement as I—I know there is some in my records—that indicated how much was left and where and what purposes it was being spent for in broad gross terms, but not a specific—I did not ask for an accounting sheet on a daily, weekly, monthly basis, or even an annual basis.

Mr. **Nields**. Well, just using the rough sheets that you got, how much money, according to your understanding, did Mr. Secord take from the sale of arms to Iran?

Mr. **North**. I still don't know. I don't even know that he did.

Mr. **Nields**. Do you know even in gross terms?

Mr. **North**. No, sir.

Mr. **Nields**. Was it your understanding as of November of 1986 that there was $8 million either in Swiss bank accounts or in investment accounts at CSF?

Mr. **North**. No.

Mr. **Nields**. Was it your understanding that most of that money had already been spent for the Contras?

Mr. **North**. It was my understanding throughout that money was being spent for the purposes I defined earlier, and I think it is important we talk to that, that money be used to replace or replenish the Israeli TOWs, that money be used to support the Nicaraguan Resistance, that money be used to support other activities—and I certainly tasked him with a number of those—and that money be used to keep alive the Iranian initiative, and that I relied on his judgment to see to it that the moneys were appropriately allocated to those purposes.

I would periodically call up the phone—or call a meeting with him and say, "tomorrow we need to have a ship at point X," and he would say that is a neat unforeseen circumstance, why didn't you tell me yesterday, and I would say I didn't know about it yesterday, and he would go out and get a ship. That is what I referred to as another activity.

Mr. **Nields**. How much money, according to your understanding, remained in these Swiss bank accounts under his control as of November 1986?

Mr. **North**. I did not know. In fact, at the very end of this whole thing, and to this day, I still do not know how much money was under his control and where it was.

I simply relied on the fact that I had a relationship of trust between myself and General Secord, between General Secord and Director Casey obviously, that those activities were being carried out.

Mr. **Nields**. In gross terms, if you can give it, as gross as need be in order to match your understanding at the time, how much money remained unspent under his control in November of '86?

Mr. **North**. Again, I did not have a feel for that. In fact, I don't think I was aware of the final transaction's ultimate amount until after I—these hearings began—simply because I was transferred relatively quickly after those things happened, and I spent I think almost the entirety of the first 10 days of November in meetings or in transit thereto back and forth around the world.

Mr. **Nields**. I think you have testified earlier that the thing that made this project truly appealing to you for the first time was when you learned in January from Ghorbanifar that the money could be used to support the Contras.

Mr. **North**. No, the way I put it was Mr. Ghorbanifar was trying to encourage us to proceed with the initiative. I had, in accord with my instructions, carried to that meeting very strong reservations on our part that what he was doing in this transaction or the transaction which was first proposed in January was going to lead to accomplishing our objectives.

And so I went in there, and I said, "Look, these things are not going to work. It is not going to get us from where we are today to where we want to be tomorrow."

And he started offering incentives to make it more palatable. That is when he suggested, "Well, look, we will just use some of that money to support the Nicaraguan Resistance. I have read about you. You have been in the papers." In fact, by then I think I had even been in Izvestia.

"And I know what you really do in your spare time. You support the Nicaraguan Resistance, don't you, among other things?" And he said, "Why don't you use some of this money for that purpose?"

And, as I described to you before, we took recess, I thought it was a right good idea, and I came back and advocated it, and we did it.

Mr. NIELDS. Even Ghorbanifar knew that you were supporting the Contras?

Mr. NORTH. Yes, he did. Izvestia knew it. The name had been in the papers in Moscow, it had been all over Danny Ortega's news casts, Radio Havana was broadcasting it. It was in every newspaper in the land.

Mr. NIELDS. All our enemies knew it, and you wanted to conceal it from the U.S. Congress?

Mr. NORTH. We wanted to be able to deny a covert operation for the very purposes that I described to you yesterday, counsel.

Mr. NIELDS. My question is this: In the first exhibit—you don't need to turn to it—you indicate that $12 million will be available for the Contras from the Iranian arms sales. Our testimony that the committee has taken has shown that some approximately $4 million from all of the sales were used for the Contras.

My question is this: would it have surprised you in November of 1986 to learn that General Secord had used $4 million of the proceeds of the Iranian arms sales for the Contras and had $8 million remaining in the pot?

Mr. NORTH. I was surprised. And I want to note I still don't understand that, and I am not willing at this point to accuse anybody, but I was surprised.

Mr. NIELDS. I would like you to turn to exhibit 160. It is in book 7.

Do you have that in front of you?

Mr. NORTH. Yes.

Mr. NIELDS. It is a short PROF message from you to Admiral Poindexter and it refers to a—I believe it is a transaction that you have already testified about with Country One.

Mr. NORTH. Yes.

Mr. NIELDS. And then it says at the end of it, "as I told you in the other note I talked to Casey this morning about Secord." Excuse me, it is from Admiral Poindexter to you; I beg your pardon——

Mr. NORTH. Yes.

Mr. NIELDS. In September of 1986.

And the end, it says, "Keep the pressure on Bill to make things right for Secord."

What was he talking about?

Mr. **Sullivan**. To be accurate, I think we need a country list today. It wasn't provided to us.

Mr. **North**. I think I recall which one is Country One. My recollection is that there was still a security clearance problem that existed that came about as a consequence of an earlier investigation of General Secord during his tenure in the Government and Director Casey had mentioned that to me.

In fact, Director Casey is, I believe, the person, at least someone, and it may have been Director Casey, who showed me a determination by Judge June Green of the U.S. District Court—the U.S. District Court, which was a, whatever it is called, a legal opinion or a determination that he was an honorable man whose reputation should not have been impugned in a libel case or something, I am not sure of the exact circumstances.

Director Casey felt, at least as he described him to me, that General Secord had been maligned, that he had been wrongly dealt with and yet when I would go to Director Casey or even when General Secord himself talked with Director Casey the bureaucracy was unwilling to do what was necessary to give him the appropriate security clearances and the like.

There was also by this point in time a suggestion by General Secord that he return to the Government, and Director Casey, at least as far as he talked to me about it, was enthusiastic about that and that it was seen by myself and I guess by Admiral Poindexter, I assume that is what it refers to, that that ought to be done. That there ought to be a cleanup, if you will, of the reputation problem that existed from his earlier and abbreviated tenure in the Government.

Mr. **Nields**. Just to make sure, to your understanding, does this reference making things right for Dick in the PROF message from Admiral Poindexter have anything to do with money?

Mr. **North**. I don't think so.

Mr. **Nields**. I would like you to turn to exhibit 161, it is the next exhibit. And the part I have reference to begins at the very bottom of the first page.

Dated 9-17-86 and to get substance you have to turn to the second page.

Mr. **North**. I don't have a second page, counsel.

Mr. **Nields**. Do you have exhibit 161?

Mr. **North**. I do. I have a one-page—the top part is black. There is no second page.

Mr. **Nields**. If you are hampered in answering my question because of the absence of the document, say so, and we will provide it later—and we will return to it.

There is a reference in a PROF message, "This is the one I tried to get Casey's people to pay for as a means of covering some of Dick's debts."

Mr. **Sullivan**. Counsel, I think it is always better to have the document in front of us.

Mr. **Nields**. We will return to it. It is 161. We will simply return to it.

Mr. **Sullivan**. Very good.

Mr. **Nields**. I would like to turn now to exhibit 164. Do you have that in front of you?

Mr. **North**. I do.

Mr. **Nields**. That is a PROF message of the same date, the 17th of September, from you to Admiral Poindexter.

Mr. **North**. I am looking at one from Admiral Poindexter to me.

Mr. **Nields**. Look at the one below it. Do you see that one?

Mr. **North**. Right.

Mr. **Nields**. The first part of it deals with Iran. And down towards the bottom of the note, the middle of the bottom section of the note, there is a line that ends with the word "CIA" and it reads as follows—"CIA could not produce an aircraft on such short notice so Dick has chartered the aircraft through one of Project Democracy's overseas companies. Why Dick can do something in 5 minutes that the CIA cannot do in 2 days is beyond me, but he does. How the hell he is ever going to pay for it is also a matter of concern, but Dick is a good soldier and never even groused about it."

Was it your understanding at that time that Mr. Secord's accounts were out of money?

Mr. **North**. Let me first of all try to figure out what we are talking about here.

Mr. **Nields**. OK. Take your time.

Mr. **North**. OK. I believe that is the transportation of the second channel to the United States.

Mr. **Nields**. My question is, was it your understanding that his Swiss accounts were out of money at that time?

Mr. **North**. It was my understanding that there was a shortage of funds to be used for this activity at that time, or I would not have put that into the record.

Mr. **Nields**. So that confirms that it—and explains why you have testified that you were surprised to learn that there was $8 million remaining?

Mr. **North**. I have taken your word that it is $8 million remaining. I don't know that.

What I have also testified is that there were four purposes for the funds in what is referred to here as Project Democracy, and it was very clear that funds were to be allocated for different purposes. Whether those were in separate boxes in the same bank, I don't know.

What is important to understand is, I believed at several points that we were low on moneys that could be used to support the Nicaraguan Resistance or, at this point, that moneys were low to support this particular activity.

Mr. **Nields**. Iran, the second channel?

Mr. **North**. In this particular case, this is Iran. But it is also important you understand that it was always the intention to make this a self-sustaining operation and that there always be something there which you could reach out and grab when you needed it. As Director Casey said you want something you could pull off the shelf and use on a moment's notice.

I am not trying to excuse anybody in this thing, least of all myself. The fact is, he—General Secord—may not have known that, or may not have perceived that he should take funds out of this pot and put them into another one, or that he had allocated certain funds for other purposes and didn't want to touch them.

And I'm not—again I am saying that at the point in time when I prepared that, which was on or about the 17th of September, that was the information I had at the time.

Mr. NIELDS. And where did you get that information?

Mr. NORTH. Well I would guess I got it from General Secord.

Mr. NIELDS. Orally or in some form of a report?

Mr. NORTH. I have absolutely no recollection. I didn't even remember the subject of this PROF note until I read the whole thing.

Mr. NIELDS. You would agree that $8 million would be adequate to charter an airplane?

Mr. NORTH. I would agree, counsel.

Mr. NIELDS. Let's turn to exhibit 159.

Chairman INOUYE. May I announce that a vote is now in progress of the House of Representatives. Accordingly, Members of the House may have to absent themselves.

Please proceed.

Mr. NIELDS. Do you have that in front of you?

Mr. NORTH. I do.

Mr. NIELDS. That is a PROF note also from Admiral Poindexter. It is dated September 13, 1986, which I believe is the same date as the one where he says, "Keep the pressure on Bill to make things right for Dick."

At the bottom of the page, it states: "Also went over the Secord matters. Bill agrees Secord is a patriot. He will check into our suspicions. I told him he could get more detail from you."

What is the meaning of the reference "our suspicions"?

Mr. NORTH. I don't—I am not absolutely certain about what that is, but I think it is probably what I referred to earlier. As, that there was a lot of internal friction within the bureaucracy about General Secord, that there were people who just didn't like him, probably for the same reason that they don't like me. When you get things done in this bureaucracy, you step on toes, and he was certainly a man who got things done.

Mr. NIELDS. The PROF message seems to refer not to other people's suspicions, it uses the word "our" suspicions.

Mr. NORTH. I am saying our suspicions about why this problem was being created for General Secord, the bad mouthing, as it were, and I think that is what it refers to, although I don't recall the specifics at this point.

Mr. NIELDS. Admiral Poindexter says that Casey could get more detail from you.

Mr. NORTH. Well, I knew of people at his agency who kept bad mouthing him and I knew people in other agencies who said bad things about him and who were uncooperative.

Mr. NIELDS. Maybe I am not understanding. What were your suspicions?

Mr. NORTH. My suspicions were that very often we would have problems, for example, when we were in the midst of one of these transactions of even getting a fixed price on a commodity or enough of the commodity moved around. And you would inevitably hear, "Well, you just can't move things here, you just can't move things there." We couldn't get an airplane out of these folks to move the second channel here to the United States for a secret meeting. It is just a general lack of cooperation.

Mr. **Nields**. From whom?

Mr. **North**. From within the bureaucracy. -

Mr. **Nields**. Well these are suspicions having to do with General Secord, aren't they?

Mr. **North**. No, I am talking about the saying suspicions as to why the lack of cooperation is there. OK, I see.

I am not certain at all that this refers to suspicions about General Secord. I am saying our suspicions as to why people aren't cooperating in getting various things done along the line.

I think the way that perhaps it looks is though I was suspicious of General Secord. That is not the intent, nor do I think it was Admiral Poindexter's.

I mean after all the line above, "Bill agrees—Secord is a patriot." Thats what I was saying, this man is a patriot. He has given extraordinary time and energy to supporting our foreign policy, to carrying out this initiative, and we can't get people to cooperate on diddly.

Mr. **Nields**. Did there ever come a time when you entertained suspicions about the way in which money was being used by General Secord?

Mr. **North**. I don't—I know certainly that these hearings have generated questions and suspicions and things like that. I don't recall a specific time before that, that that was a—that I perceived a problem with that necessarily.

Mr. **Nields**. Did you ever perceive a problem or hear about a problem having to do with the pricing of arms to the Contras?

Mr. **North**. For the Contras—I know we had a big problem with pricing the May shipment, but that was to the Iranians.

Mr. **Nields**. Just to make it clear, I am asking you about—did you ever hear adverse reports or did you ever entertain suspicions that you weren't getting the straight facts from General Secord about the way he was handling the pricing of arms to the Contras?

Mr. **North**. No. I did hear a report from someone in Central America that General Secord was overcharging on the arms that he delivered to the Resistance, and I sought at that point in time a price list from him and compared those prices to those that others had gotten. Some were higher, some were lower, and I believe at the time I talked to Adolfo Calero about it, who was at that point in time the principal recipient of the arms from General Secord.

I don't recall any other, other than—what—you have was a very competitive environment down there. Once the U.S. Government withdrew in 1984 from directly supporting the Resistance, you ended up with a lot of folks out there running a very cut-throat business.

There were two particular transactions or dealers that raised great concerns with Director Casey. One of them was a transaction of some $5 to $6 million dollars from a broker who he was concerned had also been involved in reverse technology transfer to the Eastern Bloc, and he told me to do everything possible to discourage further purchases.

The other one was a so-called warehouse operation that was being run in a Central American country that the Agency and Director Casey in particular was very concerned about the source of their moneys and the fact that this enormous warehouse of several millions of dollars worth of ordnance had been stocked up in that Central American country and the potential adverse consequences, and at one point he apprised me that he was concerned that that Central American country might have diverted ESF moneys, United States economic support funds, to the military to purchase the arms that went in that warehouse.

And so he told me that there shouldn't be any further transactions with that broker until such time as he resolved or they were able to resolve where those came from.

I then talked to Mr. Calero and I talked to General Secord, that they should avoid those transactions.

My sense is that as a consequence of the advice I got from the Director, to withdraw from dealing with those two dealers, that a lot of people start putting out very bad word about General Secord. And I think a lot of that was brought up here to Washington, I think it was made available to certain Members of Congress, and I think that is where a lot of the adverse publicity came from.

And the fact is I was told by Director Casey that there should be no further dealings with those two arms brokers, and to my knowledge, General Secord never dealt with them. If he had up till that point, he certainly didn't do it again.

But that a lot of the very negative communications that came out about General Secord came out as a consequence of those two guys being cut out of the picture, as it were, in terms of supporting the Resistance.

Mr. NIELDS. Colonel North, did you have any interest—personal interest I am talking about now, in any of the moneys that flowed from the arms sales to Iran or that were kept in Swiss accounts under General Secord's control?

Mr. NORTH. Not one penny.

Mr. NIELDS. There has been testimony, as I am sure you are aware, that a death benefit account was set up by Mr. Hakim with the name Button, for the benefit of your family in the event of your death.

Were you aware of any such account?

Mr. NORTH. No. Totally unaware of it. The first I heard of it was through these hearings. I had never heard of it before, and it was a shock, an absolute shock.

[Counsel conferring with witness.]

Mr. NIELDS. There is a testamentary document which has been introduced in evidence relating to a particular $2 million sub-account set up, also by Mr. Hakim, which provides that on his death, General Secord can control the use of the funds, and in the event of his death, you can control the use of the funds, and it also contains a provision that if everybody dies, it will be distributed to their estates.

Were you aware of such a document?

Mr. NORTH. No. I never heard of it until these hearings started. I still don't believe it. I was shocked, and I have absolutely no idea where that all came from whatsoever, never heard of it before.

Mr. NIELDS. And you never heard of the idea, either, I take it?

Mr. **North**. No, ever. I do want to make one point clear. I did at one point express concern after I would guess in February, March, April, somewhere after I had met Mr. Hakim, became aware what his role was in the financial network that had been established, I did at some point express concern to General Secord, "Suppose both of you guys go down on the same airplane, flitting back and forth to Europe or wherever you are going; what happens then?"

I was told, "Don't worry about it, arrangements will be made so that these operations can continue", but nobody ever told me that a single penny was set aside for my purposes, for my benefit whatsoever, ever, and I never heard of Buttons or Belly Buttons until these hearings began.

Mr. **Nields**. I would like to separate out then the two issues raised by this will, or this testamentary document. You are indicating that the portion of it that provides for the moneys being distributed to the estates of the individuals is a foreign notion to you?

Mr. **Sullivan**. Excuse me, Mr. Chairman, could we please have a copy of the document?

Mr. **Nields**. It is exhibit 169.

Mr. **Sullivan**. I object to the term "will." Mr. Chairman, I believe the term has been used 50 times in these hearings prior to today. This is not a will, and any lawyer in the room knows it is not a will.

Mr. **North**. This is the first time I have ever seen this document, ever.

Mr. **Nields**. Understand, you have said that. I just want to separate out the issues. There is a part of the document that provides for distribution to individuals' estates in the event of death. It is on the second page. I take it your testimony is that that—not only have you not seen the document, but that concept is foreign to you. You never heard of anything like it.

Mr. **North**. I never heard of it before. I don't know how much more clearly I can put it. Counsel, I never ever heard that proposal before, that suggestion.

Mr. **Nields**. There is a second part of the document that relates simply to control over the use of the funds, and that is on the first page of it, the second paragraph. And I take it that although you never saw the document, the concept that you would control disposition of the funds, I don't mean in your personal capacity, but in your governmental capacity in the event of the death of Hakim and Secord, that is not foreign to you, is it?

Mr. **North**. Well I—I never professed to have control over a single penny of this. I elicited the cooperation of General Secord. To my knowledge, he cooperated in every case with the things that we asked him to do, but I never once saw those words, nor do I want to leave you with the impression that this was what I had in mind when I said to them, "What happens if both you guys drop dead?" I was more than willing to have anybody else they wanted so that we could continue the activities, but I didn't necessarily wish to become the person who had to fly back and forth to Switzerland. I have never even been in a Swiss bank.

Mr. **Nields**. There has been testimony that several thousand dollars was spent on a fence, a security system, that was put in at your residence and that the moneys to pay for it came from General Secord, and my question to you is, were you aware—I take it there was a security system put in at your residence?

Mr. NORTH. There is a security system in at my residence. It has since this April been sufficiently supplemented that it is now extraordinary.

Mr. NIELDS. And I take it——

[Counsel conferring with witness.]

Mr. NIELDS. Were you aware that that security system was paid for by General Secord?

Mr. NORTH. I am going to waffle an answer. I am going to say yes and no, and if you would indulge me, I will give you another one of my very straightforward, but rather lengthy, answers.

The issue of the security system was first broached immediately after a threat on my life by Abu Nidal. Abu Nidal is, as I am sure you on the Intelligence Committees know, the principal, foremost assassin in the world today. He is a brutal murderer. When I was first alerted to that threat by the Federal Bureau of Investigations in late April, I was simply told that there was a threat that had been promulgated by Abu Bakar, who is the press spokesman for the Fatah Revolutionary Council, which is the name of the Abu Nidal group. He targeted me for assassination.

We then made an effort over the course of several days to have the story killed and not run in the United States—not me, but the story—killed and not run on the U.S. media. Nonetheless, it ran, and I believe the date was the 28th of April. The initial assessment was that this was a response to the attack on Libya, which we had run a preemptive counter-terrorist raid on Libya on the 14th of April, in which I had a small role to play. CBS chose to run the film anyway.

The FBI was then contacted again and told—asked what protection can be offered. The FBI correctly said "We don't offer protection. I then sought other types of protection. I went to my superiors and said, "What can be done?" Contrary to what was said some days ago, this lieutenant colonel was not offered at that time any protection by the Government of the United States, Senator Rudman. I asked for it, and I was told that the only thing that I could do is to immediately PCS, permanent change of station—you and I, as Marines, know well what that means—and jerked out of our home and sent to Camp Lejune. In that I was preparing at the time to go to Tehran and we didn't want to tell the whole world that, that was deemed not to be an appropriate thing to do.

The next thing that we looked to try tried to do was to find a secure telephone to put in my home to justify the installation of a U.S. Government security system. That too was impossible or not feasible or couldn't be done.

The next thing I did was to ask for a list of who installs these things for the U.S. Government, maybe I can get a better price by calling them. I believe it was someone in the Secret Service gave me a list of three or four of these companies that do that kind of installation.

I called two or three of them. It is now late April, early May, it is within days of this threat, and I called and I asked can you come out and do a survey and give me an estimate, and in each case, I think it was two or three of them, and I was at that point relatively busy, I was told, "It would be several weeks before we can come out and do an estimate and a survey, and it will be several more weeks or months before we can complete the installation because, after all, summertime is our busy time."

At some point along in there, either General Secord raised with me or I raised with him this threat, and I told him I couldn't get U.S. Government protection; I couldn't find a contractor to come out and do it myself; and he said, "Don't worry about that, I have got a good friend, or an associate"—I don't remember the words—"who is an expert. This guy has a company that does these things."

And he shortly thereafter, I believe it was around the 5th of May, introduced me to Mr. Glenn Robinette. He was introdueed to me as a man who, one, had been a former CIA, or perhaps I understood at the time FBI, I don't remember, technical expert; a man who owned a security company and a man who could immediately go out and do a survey and an estimate.

He did. Over the course of the next few days, he went out to my home, I called my wife or told my wife, whatever, that he would be out and went through the situation. And he came up with an estimate of $8,500 max, as I recall it was $8,000 to $8,500, and he could furthermore immediately install the system.

Now, I want you to know that I would be more than willing—and if anybody else is watching overseas, and I am sure they are—I will be glad to meet Abu Nidal on equal terms anywhere in the world. OK? There is an even deal for him.

But I am not willing to have my wife and my four children meet Abu Nidal or his organization on his terms. And I want you to know what was going through my mind. I was about to leave for Tehran. I had already been told by Director Casey that I should be prepared to take my own life.

I had already been told that the Government of the United States on an earlier proposal for a trip, might even disavow the fact that I had gone on the trip, on an earlier proposal, and we can come back to that at some time, if you like.

And so having been—having asked for some type of U.S. Government protection for my wife and children, and having been denied that, and perhaps for fully legitimate reasons and if there is a law that prevents the protection of American Government employees and their families from people like Abu Nidal, then gentlemen, please fix it, because this kid won't be around much longer, as I am sure you know, but there will be others, if they take activist steps to address the problem of terrorism, who will be threatened.

And I would like to just, if I may, just read to you a little bit about Mr. Abu Nidal just so you know my mental state at the time.

"Abu Nidal, the radical Palestinian guerrilla leader, linked to last Friday's attacks in Rome and Vienna"—that was the so-called Christmas Massacre in which 19 people died and 200 were wounded—"is the world's most wanted terrorist." That is the *Christian Science Monitor.*

When you look at his whole career, Abu Nidal makes the infamous terrorist Carlos look like a Boy Scout.

Abu Nidal himself, quoted in Der Spiegel, "Between America and us, there exists a war to the death. In the coming months and years, Americans will be thinking about us." "For sheer viciousness, Abu Nidal has few rivals in the underworld of terrorism." *Newsweek*.

Our own State Department, and we have copies of these that we can make available for insertion in the record, but the State Department summary on Abu Nidal, not exactly an overstatement, notes that his followers, who number an estimated 500, have killed as many as 181 persons, and wounded more than 200, in 2 years.

Abu Nidal does not deny these things. We also have an exhibit that we can provide for you that shows what Abu Nidal did in the Christmas Massacres. One of the people killed in the Christmas Massacre—and I do not wish to overdramatize this—but the Abu Nidal terrorists in Rome who blasted the 11-year-old American Natasha Simpson to her knees, deliberately zeroed in and fired an extra burst at her head just in case.

Gentlemen, I have an 11-year-old daughter, not perhaps a whole lot different than Natasha Simpson. And so, when Mr. Robinette told me on or about the 10th of May that he could immediately install a security system, I said please try to keep it to the 8,000 to 8,500. I am, after all, a Marine lieutenant colonel, and I live on my salary; and he installed that system.

Now, let me go to your next question, because I know it is coming, and it deserves an answer. I never got a bill, and it is after all——

Mr. NIELDS. Wait, before you go to the next——

Mr. NORTH. It is, after all, the answer to your question. It is the answer to your question. You asked me where it came from, and I am trying to tell you.

Mr. NIELDS. I am going to ask you that question, but——

Mr. NORTH. You have already asked me the question. You asked me whether or not the money came from General Secord. I am getting there.

Mr. NIELDS. All right, OK.

Mr. NORTH. OK.

When that system was installed, it was practically—it was totally complete. It allowed, for example, that when my wife would trigger an alarm, an alarm would ring in the central station and the Fairfax Police would immediately be notified, and that arrangement was worked out—this wasn't surreptitious.

The Fairfax Police came out—you pays your taxes in Fairfax County, but you gets your money's worth. And by golly, they came out and they photographed the house and they did the normal precautionary things to respond to the kind of terrorist alert that they had been briefed on by the FBI.

And that is the best that they could do, and it was at that point with that security system installed, it was adequate that instantly, they would respond to one of those emergency alarms. And Mr. Robinette provided it.

Now, I then went on the trip to Tehran. I came back. I never got a bill. I didn't ask for a bill, and I never received one. I never asked, where is the bill, until well after it was too late, and I will cover that.

When I didn't get a bill, I basically understood what had happened, and I don't know exactly how it worked out, but I believe that an accommodation was worked between Mr. Robinette and

General Secord to make a gift out of that security system, that I did not pay for.

When I came to the end of my tenure at the NSC, it was, to say the least, a busy time. There were other things to be done besides shredding documents when I left. There was a lot of work to be done, and one of the things that I did was to sit and contemplate the previous 5½ years of my work, and I am proud of that work.

I believe that we accomplished a lot. But there was one thing that just didn't look right, and that was that for the first time in my life, I had accepted something that I had not paid for, and even though I honestly believe that the Government of the United States should have paid for it, should have put it in, I then picked up the phone and asked for a bill.

I got a bill. In fact, I got two of them. I didn't ask that they be back-dated, but after all, Mr. Robinette is an old hand in the CIA. Alright? The bills came with the old original dates, and I think there was another bill with a later date on it.

And then, as I told you yesterday, I was going to tell you the truth, the good, the bad and the ugly, this is the truth, I did probably the grossest misjudgment that I have made in my life. I then tried to paper over that whole thing by sending two phony documents back to Mr. Robinette. It was not an exercise in good judgment.

I don't believe I have any particular monopoly on bad judgment. I think it was a gross error in judgment for this committee to put my home address up on the screen for the whole world to see, when I have got 20 security agents guarding my wife, my children and me right now.

I would also like to point out that it is not quite as bad as originally seemed. This year—these things kind of come in Aprils, I guess—but this April the FBI called again. This April the FBI called and told me that there was another threat on my life. The big difference was this year I was back with a band of brothers that has a long reputation for taking care of its own. And the U.S. Marine Corps and the Naval Intelligence, Naval Investigative Service of Naval Intelligence, got together and immediately put security on me and my home, where my wife and children are protected.

I can't tell you how grateful I am for that. The security system that was installed by Mr. Robinette with General Secord's money, or the Enterprise's money, or Mr. Hakim's money, or I don't know whose money, was put in and supplemented enormously by the folks, some of which are sitting in this room right now, some of whom are at my home right now, some of whom drive me around in an armored motorcade that makes it look like a European potentate.

But the fact is I am grateful for that assistance beyond measure, because when you think about what could happen when somebody like that is out to kill you and doesn't care if he takes out your children with you, you run out of options in a big hurry. I ran out of options.

I think the Government of the United States should have stepped up to it and didn't. Whether it is because of laws or regulations, I don't know.

I admit to making a serious, serious judgment error in what I then did to paper it over, and I am willing to sit here and admit to that. But I am also suggesting to you, gentlemen, that if it was General Secord who paid the bill, whatever it was—I thought it was $8,000, didn't learn until the hearings started it was more—I also suggest to you that if it was General Secord—first of all, thank you, General Secord—and second of all, you guys ought to write him a check, because the Government should have done it to begin with.

Thank you, sir.

Mr. NIELDS. Thank you, Colonel North.

I need to ask you one other question on this subject.

Mr. NORTH. I will make my second answer shorter.

Mr. NIELDS. The documents which I believe you had reference to that you wrote and back-dated are exhibit 172 and exhibit 173.

Mr. NORTH. Yes.

Mr. NIELDS. Before I get to the document, who was it that you made the request for security to and who turned you down?

Mr. NORTH. Well, I went to—first of all, I asked the FBI what they could do about it, and the FBI told me—and I have since checked and I was since told this again this April when they called about a threat this spring—that the FBI is not in the business of providing protection. And they indeed are not.

I am not necessarily, by the way, saying that I think they should have, because it is clearly not within their jurisdiction to do so. It is up to you whether you change that jurisdiction, I suppose.

But I then asked if there was anything that could be done at the White House.

Mr. NIELDS. Who was it that you asked at the White House?

Mr. NORTH. I asked Admiral Poindexter and I was referred to Mr. McDaniel. I was then—it was then suggested that there is only two things that can be done, you can either get a secure phone—we can find a secure telephone and put it in your home, and use that to justify a installation of the security system.

Well, for whatever reason, no secure telephone could be found. And I am not—it may well be the case, I don't know.

I was also told that the other alternative was immediate PCS to Camp Lejeune or another military installation, which did not seem entirely practical, given that I was getting ready to go to Tehran. Thus, there were no answers.

Mr. NIELDS. That was Admiral Poindexter or Mr. McDaniel who told you that you could be transferred to Camp Lejeune?

Mr. NORTH. I don't recall whether—which one it was. I know that that issue came up and was dismissed.

Mr. NIELDS. OK.

Turning now to exhibits 172 and 173, I take it what you are saying is that they were both typed on the same day?

Mr. NORTH. No. Actually I think they were typed on two different days or maybe even 3 different days, but they are both phony documents. I have admitted to that. I am here to tell you the truth, even when it hurts, OK? They are phony.

Mr. NIELDS. The second one, exhibit 173, there are three letters from the typewriter that don't type correctly. How was that arranged?

Mr. NORTH. It wasn't arranged. That is the way the wheel on the thing was when I typed it, and the wheel was defective. It was simply that way.

Mr. NIELDS. Were the two letters typed on the same typewriter?

Mr. NORTH. No.

Mr. NIELDS. Were they typed in the same place?

Mr. NORTH. No. Actually one letter, I think, was typed on one typewriter that was similar to the other one. I couldn't find a decent ball or the wheel thing that worked right, and that was the only one that was there. And I dummied up even the explanation on the bottom of it.

Mr. NIELDS. When you say you dummied up the explanation——

Mr. NORTH. That is the way it was.

Mr. NIELDS. So you didn't drop the ball?

Mr. NORTH. No. I mean, after all, how could you, you know, thinking that you were—this was not typed at the White House. It was typed after I left.

Incidentally, no one else knew about this besides me. This was my own little stupidity, all on my own.

Mr. NIELDS. What was the purpose of writing an explanation at the bottom of exhibit 173?

Mr. NORTH. Here the only letter that you have sent with a ball that doesn't work, it was a demonstrator model in a store that I typed it on, and you have got to provide some kind of an explanation as to why supposedly the White House typewriter doesn't write, so I explained it on the bottom by saying I dropped the ball, the ball being the explanation for the defective type.

Mr. NIELDS. Why did you dummy up the explanation?

Mr. NORTH. Well, theoretically, I mean——

Mr. SULLIVAN. I object.

Mr. Chairman, Colonel North has frankly admitted what he did here. I must believe that the U.S. Congress has better things to do than focus on two phony letters after the witness has admitted that they are phony.

Could we please move on to another subject?

Chairman INOUYE. We will proceed in the fashion we wish to.

Mr. Nields.

Mr. NORTH. The fact is this letter was typed on a machine but dated as though I were still at the White House. Right? 1 October '86 I was still at the White House. And the machine didn't work well, didn't write right. Somebody had screwed up the wheel on this demonstrator and thus I had to explain why a White House typewriter, where they usually work pretty well, didn't work well. And so I put that note at the bottom.

It was simply an explanation for why the typewriter didn't work as I hoped it to. It is not more sinister than it appears.

Mr. NIELDS. There has been testimony about use of traveler's checks. I would like to give you an opportunity to answer or explain that testimony.

I take it you have it in mind?

Mr. NORTH. I do have it in mind, counsel, and I appreciate the opportunity.

Again you will have to indulge me a bit.

When I began the covert operation in 1986—excuse me—1984 in support of the Resistance, we had enormous problems trying to solve near time, real time, what I call operational problems. The end result of that was that I talked to Director Casey about the difficulties.

He had suggested establishing an operational account and I did so. There were two sources of moneys for that operational account. One was traveler's checks from Adolfo Calero and the other one was cash eventually from General Secord.

My recollection is that the very first traveler's checks came either very late '84 or certainly early 1985 and that the sum total of traveler's checks was probably in excess of $100,000 or thereabouts.

I also had cash which I estimate today to be somewhere in the neighborhood of 50 to 75 thousand dollars in cash, so we are talking about an operational account that went from somewhere around 150 to 175 thousand dollars. At various points in time there would be considerable sums in it and at various points in time there would be none in it.

My recollection is that I got the traveler's checks in packages of less than $10,000. I understand that others have remembered elsewise, but that is how I remember it.

Those funds were used to support the operations that we were conducting. They were used to support the covert operation in Nicaragua, and then eventually were used to support other activities as well.

The fact that I had those funds available was known to Mr. McFarlane, to Admiral Poindexter, to Director Casey, and eventually to Admiral Art Moreau over at the Pentagon. It was also—came to be known to others, some of whom you have had testify here.

The funds were used initially only to support the Nicaragua program, but eventually it was broadened to include other activities as well. Let me give you some examples.

In the Nicaragua program, operational support was provided to a whole host of Nicaraguan Resistance leaders either directly by me from the fund or through couriers that I used to carry it out. Other Resistance activities inside Nicaragua were supported of a less military nature in some cases. Europeans who helped us with both the public affairs aspect and the acquisition of other arms through a separate channel outside that, you have already heard about from General Secord or General Singlaub, were paid for out of this account.

Money was mailed from this account to addresses in Caracas, San Jose, Tegucigalpa and San Salvador, among other places, to support activities inside Managua.

The Indian movement, the Atlantic Coast Indian movement was supported from this account and meetings with the Atlantic Coast Indians, both the Misurasata and the Miskito movement itself, were supported from this account.

And eventually the fund was used to support other activities, such as a DEA hostage recovery activity and the assistance of another European who we have agreed not to talk about.

What is important that you realize is that meticulous records were kept on all of this. I kept a detailed account of every single penny that came into that account and that left that account. All of the transactions were recorded on a ledger that Director Casey gave me for that purpose. Every time I got a group of traveler's checks in, I would record them, and I would record them when they went out, even going so far as to record the traveler's checks numbers themselves.

The ledger for this operational account was given to me by Director Casey, and when he told me to do so, I destroyed it because it had within it the details of every single person who had been supported by this fund, the addresses, their names, and placed them at extraordinary risk.

Every transaction that you showed on that chart that you had up on the wall or the screen, or wherever it was—hard to tell when you see it on video tape—but when you had it up there, you showed a group of traveler's checks with my name on it. Every single one of those traveler's checks which bore my name were used by me to defray an actual operational expense as it happened. I would cash a check, for example, at Miami Airport and hand the money to a Resistance person who I met with there, or I flew, myself, off to some place because we were trying to avoid the use of appropriated funds, we used this account to live within Boland and to hide the fact that NSC travel was being conducted.

Unlike the CIA, the NSC travel voucher system doesn't have a covert cover. We had one dickens of a time trying to protect my travel, and, as you undoubtedly know, gentlemen, I made an enormous amount of travel. The schedule was brutal, much of it was paid for out of that operational account.

There were times when that account was down to zero. No money in it, I didn't have any traveler's checks, and I had handed out all the cash—not to myself, but to others. Under those circumstances, I would use my own money, Lt. Col. Oliver North's paycheck money, his own money that he had earned, and I would use it for an operational expense. I would, therefore, make a notation in the ledger, "Spent $250 on going to Atlanta to meet with somebody," and the next time I got cash or traveler's checks, I would use those checks to reimburse myself; every single penny. On the checks that you saw that came to me was used to pay an operational expense on the scene or to reimburse myself. I never took a penny that didn't belong to me.

Every single one of those checks—and I would also point out to you, counsel, that you don't have them all, because by my own recognition and memory there were checks used in 1986, and the ones that you depicted earlier were only 1985. And I used those traveler's checks right up until shortly before I was fired, but only for the purposes that you saw.

And I realize that this hearing is a difficult thing. Believe me, gentlemen, it is not as difficult for you as it is for a guy that has got to come up here and tell the truth, and that is what I am trying to do. I want to make it very clear that when you put up things like Parklane Hosiery—and you all snicker at it—and you know that I have got a beautiful secretary, and the good Lord gave her the gift of beauty, and that people snicker that Ollie North might have been doing a little hanky-panky with his secretary, Ollie North has been loyal to his wife since the day he married her, and the fact is I went to my best friend, and I asked her, "Did I ever go to Parklane Hosiery?" And you know what she told me? "Of course, you did, you old buffoon, you went there to buy leotards for our two little girls." And the reason I wrote the check, Parklane Hosiery, just like the checks at Giant, is because I was owed my money for what I had spent in pursuing that covert operation.

You gentlemen may not agree that we should have been pursuing covert operations at the NSC, but we were. We had an operational account, and we used the money for legitimate purposes within that covert operation. Does that answer your question, sir?

Mr. **Nields**. Yes.

Mr. **North**. Thank you.

Mr. **Nields**. I have a couple more on that subject. When was the ledger destroyed?

Mr. **North**. My recollection is that the ledger—and I am anticipating your question. I have tried as best I can to reconstruct not only that but when a lot of the more intensified destruction began. My sense is that it was probably destroyed along about the 4th or 5th of November, and I say probably because the initial discussions I had with Director Casey about this operation coming unraveled began right after the Hasenfus shoot-down, which was early October, I think it was the 4th or 5th of October, and then the discussions that he had shortly thereafter with Mr. Furmark who told him that, "Oh, by the way, a lot of people happen to know that Ollie North has been using money from the Iranian arms transactions to support the Contras," or words to that effect.

I then went on a very intensive period of travel, and I must tell you that we intensified our efforts considerably knowing that this operation was coming apart. We made an extraordinary effort to get the second channel going, to open it up and to get as many Americans out as we possibly could before it all came down.

I believe that it was right after I returned from one of my early November trips I had a meeting with Director Casey, Director Casey said, "Look, this revelation that is either occurring or about to occur is the end." At that point in time, he also told me, "You ought to go out and get a lawyer."

Now, from one of the guys who is one of the best lawyers in the world by my book—he used to remind me a lot, not to say bad things about lawyers, I have been reminded about that since—Director Casey told me to get a lawyer because there was probably going to be a civil suit against me by associates of Mr. Furmark to recover their money.

And so in that whole process, somewhere between what I would judge to be the 13th of October and the 4th of November, he told me specifically "Get rid of things, get rid of that book because that book has in it the names of everybody, the addresses of everybody. Just get rid of it and clean things up." And I did so.

Mr. **Nields**. Where did the money come from?

Mr. **North**. The two sources that I remember very vividly were Mr. Calero by traveler's checks, sometimes given by him to me directly or couriered to me, and then also cash from General Secord.

Mr. NIELDS. Did you ever—you have indicated that on occasion you advanced your own money and reimbursed yourself out of this fund. Were there occasions when it was the other way around?

Mr. NORTH. I don't understand.

Mr. NIELDS. You borrowed from the fund for personal purposes and then reimbursed?

Mr. NORTH. Never.

Mr. NIELDS. Did you ever permit Fawn Hall to do that?

Mr. NORTH. I did. I—as I recall, it was a very late, probably a Friday or Saturday night, and I had told her that she could take the weekend off and she didn't have any money, and she was driving to the beach or somewhere. And I, as I recall, gave her two or three checks, made the appropriate notation in the ledger, and told her that I had to have the money back as soon as she could cash a check, and she did, and I put the money back in the account. To my recollection, that is the only time I ever advanced anybody anything out of the account. I never advanced myself out of there.

Mr. NIELDS. There has been testimony about efforts to route money to you through your wife out of the Swiss bank accounts. I would like to give you an opportunity to respond to those—that testimony on that subject, if you wish.

Mr. NORTH. I would be glad to. Again, if you will allow me to go back in time a little bit, in February of 1986, we had the first direct meetings with the Iranians in 5-plus years, between U.S. Government officials and the Iranians, other than the discussions that were going on in Europe over settlement of accounts.

In those meetings in the latter days of February, it was decided that there would be two trips to Tehran, that I would go on an advance trip with General Secord, the purpose of which would be to establish an agenda for a higher-level trip to be taken by a senior U.S. official, and that trip was planned to take place in April. My advance trip was to have taken place in March.

Because the U.S. Government had been unable to provide a translator for that session, Mr. Hakim came to that session and acted as translator, and that was, to my recollection, the very first time I had heard of Mr. Hakim. I think it is the first time I had actually met with Mr. Hakim, and I have no recall to the contrary.

Mr. Hakim thought that this idea of an advance trip was lunacy. I mean he put it in the strongest possible terms, that this was not a good thing to do. The CIA officer who was with me at that meeting agreed with him.

When the discussion transpired, it was actually pointed out that you could never be heard from on this trip again. The risks were known to Mr. Hakim very clearly because he is, after all, an Iranian. He fled the revolution that we now seek to get along with.

The CIA officer thought that the trip was very high risk. When I later talked to Director Casey, and this was within days of this whole event, Director Casey raised another issue, and that was, first of all, the trip—because it is so black, this advance trip is so hidden, we are going to use non-U.S. Government assets throughout, European or Middle Eastern airlines, no U.S. air registration, air flights. You might never be heard from again. The Government might disavow the entire thing. And furthermore, I—Bill Casey—

am not going to let you go unless you are prepared to deal with the issue of torture.

We knew by then that Bill Buckley, a man who I knew, was probably dead, and that he had been tortured. We knew that he had given as much as a 400-page confession under torture, that we were making every effort to recover. And Director Casey told me that he would not concur in my going on the advance trip unless I took with me the means by which I could take my own life. I did not tell my wife and children that, and they may be hearing it for the first time right now.

In the course of that discussion, Mr. Hakim said to me, "If you don't come back, I will do something for your family." He did not say "we" that I recall; he said "I."

Now by that point in time, I had come to know that Mr. Hakim was a wealthy man in his own right. I was grateful for the assistance that he had been providing in translating over several very difficult days of discussions with the Iranians. And several days thereafter, when he suggested that my wife meet with his lawyer in Philadelphia, I agreed that my wife should do so. The purpose, as I understood it, of that meeting was that my wife would be in touch with the person who would, if I didn't return, do something for my family.

My wife went to the meeting in Philadelphia several days thereafter, and you have notations in the notebooks that I surrendered to you about what happened. She went. A very brief meeting. There was no money mentioned, no account mentioned, no amount mentioned, no will mentioned, no arrangement. The meeting focused on how many children I had, their ages and a general description of my family—a brief meeting in the offices, as I remember, of Touche Ross, a respectable firm in Philadelphia, with a lawyer.

I then went, and thank God, returned safely from Iran. After that trip, there was one more call to my wife from the lawyer on or about the 1st of June, almost immediately after my return from Tehran. The lawyer called again and asked for the name of an adult executor for our family in the event, I suppose, that neither my wife nor I were around.

I told my wife, "Do not call him back. It is unnecessary." She never did. She never heard from him again and she has never made contact with him again.

No money was ever transferred to my possession, control, account or that of my wife or that of my children. I never ever heard about Bellybuttons, until these hearings, began.

Does that answer your question, counsel?

Mr. NIELDS. Yes. And I take it that in answering the question, you have been telling us what happened at certain meetings that I take it were attended only by your wife, and I take it you are testifying to what you have been told by her?

[Counsel conferring with witness.]

Mr. NORTH. On advice of counsel, I have not revealed any of our—I have not revealed any of our confidential marital communications. I have given you a surmise based on what I know the facts to be.

Mr. Sullivan. In other words, counsel, don't call his wife up here.

Mr. Nields. No that wasn't the question at all. The question was simply what the source of the information was, and I take it it is your wife.

[Counsel conferring with witness.]

Mr. North. Counsel, I gave you a long story and the sources are multiple for that story, but accurate.

Mr. Nields. Well, other than your wife, what other sources?

[Counsel conferring with witness.]

Mr. North. Some of the information may be privileged, or a work product of my attorney.

Mr. Sullivan. In other words, we have done a little of our own investigation regarding—excuse me, Mr. Chairman—a little of our own investigation regarding these allegations, and have amassed some evidence and have concluded that they are absolutely baseless. From that the information, Colonel North has been able to draw certain conclusions.

If you have any proof to the contrary, why don't you present it?

Mr. Nields. So what he's testifing to is based on what he has been told by his wife and his attorneys?

Mr. Sullivan. Not necessarily so. There are other factors as well.

Mr. Nields. OK. What else?

Mr. North. I am just telling you all that I know about the event. No money ever was received.

[Counsel conferring with witness.]

Mr. North. I obviously had a conversation with Mr. Hakim that initiated this entire business back in February or early March.

Mr. Nields. Can you give the committee any information that would shed light on why Mr. Zucker was meeting with a lawyer in Switzerland in October of 1986 seeking to find a way of routing a substantial sum of money to you through your wife?

Mr. North. No, I can give you absolutely no insight to that.

Mr. Sullivan. Objection to your question, "routing a substantial sum of money." There is no predicate to that.

Mr. North. I cannot, counsel. And I think it is important for you to know that the very first time I heard these things was as a consequence of these hearings and I was shocked. I never ever got a penny from those accounts.

The only thing that it can be said that I ever received as a consequence of what I did in the course of these activities or as a result of perhaps one of those accounts is the security system which is at my home, and I still, to this day, don't know exactly who paid for it.

Mr. Nields. Mr. Chairman, I have no further questions for the morning.

Chairman Inouye. The joint panel will stand in recess until 2:00 p.m.

[Whereupon, at 12:10 p.m., the Select Committees recessed, to reconvene at 2:00 p.m., this same day.]

The Select Committees met, pursuant to recess, at 2:00 p.m., in room 325, Russell Senate Office Building, Hon. Daniel K. Inouye (chairman of the Senate Select Committee) and Hon. Lee H. Hamilton (chairman of the House Select Committee) presiding.

AFTERNOON SESSION

Chairman **Inouye**. The hearing will please come to order.

Mr. Nields?

Mr. **Nields**. Thank you, Mr. Chairman.

Colonel North, you testified yesterday concerning approval that you received for the plan to use the proceeds of arms sales to Iran for the Contras and you testified about Admiral Poindexter and the President.

Who else, if anyone, and I don't mean to imply anything in the question, but leaving those two people aside, who else in the Government was aware of either the plan or the fact of using proceeds of arms sales to Iran for the Contras?

Mr. **North**. Well, if I may clarify, what I testified to yesterday is my assumption that the President knew and then I subsequently testified that I was told he did not know.

I know that Admiral Poindexter knew, I know that Mr. McFarlane knew at a point in time when he was no longer in the Government, and Director Casey knew.

Aside from that, I can't speak with certainty as to who else inside the Government knew for sure, although there were certainly a number of people who by the time November of '86 came along certainly had great suspicions or belief that it was happening.

But the only ones that I know for sure who I confirmed it with were those three.

Mr. **Nields**. OK. If I may, I would like to take them and then ask you some questions about some others.

When did Mr. McFarlane, to your knowledge, first learn that the proceeds from the arms sales to Iran had been used for the Contras?

Mr. **North**. My recollection is that I first confirmed it with him during the May trip to Tehran, and it was probably on the return leg from that, either on board the aircraft or as we were changing planes—whatever—we returned in an aircraft to Israel, and boarded another aircraft and flew back to the United States, so it was somewhere in that timeframe that I can recall specifically telling him.

Mr. **Nields**. Do you have any reason to believe he was aware of it earlier?

Mr. **North**. He may have been. I have seen some of my own notes that would lead me to believe I had talked to him about it, but I don't recall the events.

I do specifically recall, however, talking to him about it at the time of our return.

Mr. **Nields**. When did Director Casey first learn of it?

Mr. **North**. Actually my recollection is Director Casey learned about it before the fact. Since I am confessing to things, I may have raised it with him before I raised it with Admiral Poindexter, probably when I returned from the February—from the January discussions.

Mr. NIELDS. You are referring now to the trip during which you had the discussion with Mr. Ghorbanifar in the bathroom?

Mr. NORTH. Yes. I don't recall raising the bathroom specifically with the Director, but I do recall talking with the Director and I don't remember whether it was before or after I talked to Admiral Poindexter about it.

I was not the only one who was enthusiastic about this idea and I—Director Casey used several words to describe how he felt about it, all of which were effusive.

He referred to it as the ultimate irony, the ultimate covert operation kind of thing and was very enthusiastic about it.

He also recognized that there were potential liabilities, and that there was risk involved. I believe that he was accurate given what has now happened.

Mr. NIELDS. What kind of risks did he identify to you?

Mr. NORTH. This very political risk that we see being portrayed out here now. That it could indeed be dangerous or not dangerous so much as politically damaging.

Mr. NIELDS. Do you have any reason to believe that Director Casey, given the political risk, ever discussed the matter with the President?

Mr. NORTH. I have no reason to believe that he did because he never addressed that to me. I never—as I indicated yesterday, no one ever told me that they had discussed it with the President.

Mr. NIELDS. Did Director Casey ever tell you that he was planning to discuss it with the President?

Mr. NORTH. No, not that I recall.

Mr. NIELDS. Did you have other discussions with Director Casey on the subject of use of these arms sales proceeds for the Contras?

Mr. NORTH. Yes, we did. Director Casey, who is very clear in my records of communications with him, is a man for whom I had enormous respect.

I respected him as a man of incredible experience, probably the most well-read man I have ever met and dealt with on a direct face-to-face basis.

I watched Director Casey on trips when I traveled with him read an entire book in one plane flight. And in fact, on one occasion, he finished an entire book—as I recall, it was Paul Johnson's book, "Modern Times," which is like this in paperback.

And then I noticed he was working on a yellow legal pad as we were flying along and I said, "What did you do with the book?" He said, "I am tired of reading. I have decided to write my own," and he had finished Paul Johnson's book, which he then gave to me.

Director Casey and I talked at length on a variety of occasions about the use of those moneys to support other operations besides the Nicaraguan operation, and you no doubt have seen records of my accounting of other activities that were planned beyond the Nicaraguan Resistance.

We always assumed, not just Director Casey and I, but all those of us who worked within the Government on this problem of democracy in Central America, that there would come a time again, as indeed it did, where the Congress would make available the moneys necessary to support the Nicaraguan Freedom Fighters.

And at various times, he and I talked about the fact that it might be necessary at some point in the future to have something, as he would put it, to pull off the shelf and to help support other activities like that.

And none of those aside from the ones that we talked about in terms of cooperation with Israel, the ones I referred to in my notes as TA-1, 2, and 3, or TH-1, 2, and 3, I don't recall exactly which—aside from those operations, he was looking forward to the possibility of needing to support other activities beyond that, and that is why I am not exactly certain as to what perhaps was intended beyond the use of those moneys for support for the Nicaraguan Resistance and the other purposes that I described to you earlier, in that I had, I think, communicated that to General Secord and he did prepare a layout which showed how other of those commercial entities could be used to support activities in other places besides Central America and besides the U.S.-Israeli operations, besides the hostage recovery operations.

None of those plans were ever put to fruition before all of this was terminated, but we did talk, he and I, about that and I may have mentioned it at some point to Admiral Poindexter, although certainly not in the same detail that Director Casey and I talked about it.

It is possible, although I don't recall it, that I may have talked to Mr. McFarlane about it.

Mr. NIELDS. When you say about it, it is the use of funds for some other projects besides the Contras?

Mr. NORTH. Yes. Well now I do—I am certain that I talked to Admiral Poindexter about the Israeli projects, the ones that are abbreviated with a TA or TH in the records that I provided to the committee.

Mr. NIELDS. Did you ever tell Director Casey that funds had actually been used to support the Contras, that is funds arising out of these Iranian arms sales?

Mr. NORTH. Oh, yes.

Mr. NIELDS. And I take it on more than one occasion?

Mr. NORTH. Yes.

Mr. NIELDS. Was there anyone else in the CIA who was aware that funds from the Iranian arms sales were used to support the Contras?

Mr. NORTH. I cannot say with certainty that others were for sure aware, but you must realize that they were getting the same intelligence I was. It was—Director Casey was very concerned that others, for example, I mentioned Mr. Furmark, but that others besides Mr. Furmark were aware of that.

Director Casey mentioned several times to me that my telephone calls in and out of my office to and from Central America were undoubtedly intercepted by the Soviet KGB collection site at Lords, Cuba, and he believed that that's how perhaps the initial connection between General Secord and I was made public.

Undoubtedly there were people at CIA who had access to this raw intelligence who made surmise or came to conclusions about it, but I never recall confirming to anyone else at CIA those suspicions.

It is entirely possible that others in both the Intelligence Directorate as well as the Operations Directorate were indeed witting, but didn't want to know more than they knew, and I don't want—I am not trying to implicate other people or anything like that, but a detailed reading of day-to-day intelligence would certainly indicate that if it weren't from Iran, it had to be from somewhere else, and they could certainly read the traffic and derive from certain things that—in the intelligence—that I was engaged with that, and that there was an Iranian connection as well as a Nicaraguan connection.

I am certain that some people must have concluded that.

Mr. **Nields**. Were there people in the CIA who were directly aware from you or from working with you that there was a difference between the amount of money that was paid into General Secord's accounts and the amount of money that was paid into the CIA accounts?

Mr. **North**. Again, certainly from the intelligence, they would be aware of that. The intelligence we were collecting that I referred to yesterday and have since gotten guidance as to how to refer to it, but the intelligence that I referred to yesterday clearly indicated that there was a difference between what the Government of the United States was charging and what was actually being provided.

So, yes, it would be visible to those people that there was a difference.

Mr. **Nields**. Was that discussed with people that you worked with directly at the CIA on this Iranian project?

Mr. **North**. It may have been, counsel, but I don't recall a specific session in which I sat down and said, "OK, guys, the Iranians are providing 8 bucks for this, and we are only giving the Government 5 bucks because that is all the Government wanted."

But, I am sure there were people who came to those conclusions. I do not recall confirming to them what the delta, the difference was being used for.

Mr. **Nields**. Now you had an interview with Attorney General Meese on the 23d of November, 1986, at which the issue of use of these proceeds for the Contras was discussed.

Mr. **North**. Yes.

Mr. **Nields**. Do you have any reason to believe that the Attorney General was aware prior to that time that the proceeds from the Iranian arms sales were used to support the Contras?

Mr. **North**. No, I have no reason to believe that he was. But when he asked me, I told him.

Mr. **Nields**. Now, when he asked you, did you tell him that the difference was in accounts controlled by General Secord, or did you tell him that the difference went from the Israelis directly to Contra accounts?

Mr. **North**. I do not recall the specifics of that conversation. It was a—to put it mildly—a very long night before and a very difficult week prior to, and I have no real recollection of that interview other than the fact that it did indeed happen on Sunday afternoon, and that when the Attorney General asked me, holding—one of the two of us holding the memo of April which delineated, as a part of that memo, that residuals would be used for aiding the Nicaraguan

Resistance, I do recall that the Attorney General asked me point blank, "Did this happen?"

I told him that transaction did not happen. He then asked me if anything like that had ever happened, or words to that effect, and I told him it had.

Mr. NIELDS. Did you listen to his press conference on the 25th of November?

Mr. NORTH. Yes, I did.

Mr. NIELDS. Are you aware, or do you recall him saying in his press conference that the money had gone straight from an Israeli account into Contra accounts and had not been handled by any U.S. persons?

Mr. NORTH. I don't recall that specific part of it, but I do recall that there was something like that said, yes.

Mr. NIELDS. Did he get that from you?

Mr. NORTH. He may well have, and I am not denying that at all. I want to make something very clear. I did not have on that day as good a feel or as good an understanding of the actual financial transactions that I came to have in the days thereafter, and—first of all, it is important that you understand that we believed, at least I was led to believe that our intelligence services saw Mr. Ghorbanifar as an Israeli agent. He is an Iranian, at least that is where he was born and lived, but that he was viewed by—certainly Director Casey and other members of the intelligence community as an agent of the Israeli intelligence services.

And so, my assumption was that if an Israeli agent was giving money to an account in this case, an account which included the Nicaraguan Resistance, that there would be an Israeli connection to that.

I may well have been wrong, because in the subsequent days—in fact, later that day or perhaps the day afterwards—it was described to me differently. That no, the moneys came directly from other places and went in there and a whole host of other people to include Mr. Khashoggi and others were mentioned.

I did not know that at the time I was talking to the Attorney General.

Mr. NIELDS. But you knew that the residue—the residuals as you have called them, went into the custody of Mr. Secord and his Swiss bank accounts, didn't you?

Mr. NORTH. And I did know that they did go to the support of the Nicaraguan Resistance, and those other activities I have described at the time I talked to him and that is what I tried to express.

Mr. NIELDS. No. That was not quite my question. My question was you knew that the residuals had gone into accounts controlled by General Secord, not accounts controlled by the Contras?

Mr. NORTH. That is correct.

Mr. NIELDS. And do you recall the Attorney General saying that they had gone directly from Israeli accounts into accounts controlled by the Contras?

Mr. NORTH. I do not recall that specific wording, but I don't dispute that he said it. I am sure if it is on the transcript, he did.

Mr. NIELDS. My question is, did he get that from you?

Mr. NORTH. He may well have.

Mr. NIELDS. But you knew at the time that that was not true?

Mr. SULLIVAN. Objection. He didn't say that he got it from him. That is the second time—this is now the third time.

Mr. NIELDS. He said he may have, and my question is, you knew that it wasn't true. Whether he got it from you or not, it was not true.

Mr. NORTH. Well again, Mr. Nields, what I told the Attorney General that afternoon was the truth as I knew it. And that is what I always did, and that is what I am doing now. The important thing is that I tried to reconstruct in an hour and a half, 2 hours or 3 hours, whatever I was in the Attorney General's office, for him, answers to his questions that answered what he wanted to know.

[Counsel conferring with witness.]

Mr. NORTH. I am sorry, I missed the question.

Mr. NIELDS. I don't think there is one, but I will ask you——

Mr. NORTH. I guess what I wanted to do is make sure that I am clear on it. What I do recall, and it was important enough for me to then call Admiral Poindexter and try to get a hold of Mr. McFarlane, who I think I eventually got through to also, is that I do recall telling the Attorney General the truth about the fact that there had been funds diverted, if that is the word you want, or the residuals from the transaction or from different transactions transferred to the use of the Contras.

I don't recall the specifics of what else I told him. I mean that was for me the deepest, darkest secret of the whole activity, and I think I told the Attorney General that part, too, although I don't recall it specifically.

But as far as the specifics of the rest of what I told him about, whose accounts and things like that, I do not recall.

Mr. NIELDS. Were there any other people in the NSC that were aware of the use of the proceeds from the Iranian arms sales for the Contras?

Mr. NORTH. I don't know. I may have apprised my staff. I don't recall whether I actually told Ms. Hall or—she certainly typed many memos on it. I think it is possible that I had talked to Lt. Col. Earl about it. I don't believe I talked to Commander Coy about it, and I don't believe that Miss Browne knew about it.

I don't believe that Mr. McDaniel, who was the deputy to Admiral Poindexter knew, nor do I believe that Dr. Keel knew until the very end.

Mr. NIELDS. Commander Thompson?

Mr. NORTH. I don't know. I do not recall a discussion with Commander Thompson on that issue until the very end of my tenure.

Mr. NIELDS. Do you recall discussing this subject with anyone else other than the people that you have already mentioned today and yesterday?

Mr. NORTH. I don't recall it, no.

Mr. NIELDS. Did you, going back to November 21st again—did you on November 21st meet with the Attorney General either alone or with others?

Mr. NORTH. Nineteen-eight——

Mr. NIELDS. Six.

Mr. NORTH. On November 21st?

Mr. NIELDS. Yes.

Mr. **North**. It is possible that that issue came up in a discussion that I had on the 21st of November with Mr. McFarlane, obviously also with Admiral Poindexter, both of whom I met with that day.

Mr. **Nields**. Did you meet with the Attorney General that day?

Mr. **North**. I don't have any recollection of it and I don't see any record of it in anything that I have tried to refresh my memory with.

Mr. **Nields**. You seem to be looking at some pieces of paper. What are they?

Mr. **North**. Stuff I gave you. Stuff I have assembled as work product with counsel since then. I mean—you have that.

Mr. **Sullivan**. Don't tell him. Obviously the witness anticipated you to have a few questions and he tried to review as many of his materials as possible, including the six feet of records which you provided.

Mr. **North**. I have no recollection of a meeting with the Attorney General on the 21st.

Mr. **Nields**. Do you have a recollection of telling Colonel Earl on the 21st that you had asked the Attorney General how much time you had?

Mr. **North**. No.

Mr. **Nields**. Do you recall telling Colonel Earl that you had asked the Attorney General if you had 24 or 48 hours?

Mr. **North**. No. I do not recall that at all, although there was another issue that was at stake here and an issue that we had—whether I actually communicated with the Attorney General on or not, I don't remember, but there was an investigation of an airline—and I know that we were trying to—we had asked the Attorney General to delay an investigation on that airline because that airline had not only provided support to the Nicaraguan Resistance, that was the matter that they were being investigated for, and that airline had provided support to the transfer of U.S. weapons from the United States to Israel, and then from Israel to Iran.

And my concern was that in trying to answer the legitimate and I think straightforward answers that were being asked—or trying to answer the questions that were being asked about that airline's role in support for the Resistance, that that investigation was going to uncover that airline's support for the transfers to Iran. And our concern, at least my concern—I don't want to speak to everyone's—but certainly my concern, certainly Director Casey's concern and I believe Admiral Poindexter's concern was that pursuing that investigation was going to disrupt ongoing efforts to achieve the release of another hostage as well as potentially compromise the second channel and cause people to die.

And so what we were anxious to do was to postpone that investigation, not interfere with it from a criminal investigation perspective, but to ensure that we had done all we could to, one, get people out of Iran if they needed to get out, and to ensure that any hostages we could get out were released; and that may be what I was referring to in terms of 24 to 48 hours. That was an ongoing action almost up to the time I departed.

I do not recall talking to Colonel Earl about 24 hours left in the NSC or anything like that. I don't think that—I had told Admiral Poindexter several times, I think perhaps it started right after the

Hasenfus aircraft was shot down and Captain Cooper and Buzz Sawyer were killed, two brave men who were supporting the Resistance, that I knew things were coming down and that I was prepared to leave at any point. And I know I talked to Admiral Poindexter on the 21st and told him that I thought I would have to leave right away.

And I know that I'd said that several times before, but we were then at the point where I thought that it was important to defuse the controversy, that I would be relieved, that and I would be transferred. And I say that because I had made it clear to Mr. McFarlane, I made it clear to Mr. Casey, and I made it very clear to Admiral Poindexter that I recognized that there would come a time when you may have to have a political—I emphasize the word "political"—fall guy or scapegoat or whatever. I never in my wildest dreams or nightmares envisioned that we would end up with criminal charges. It was beyond my wildest comprehension right up until the 25th.

Mr. NIELDS. Did you—I take it you did meet on the 21st with Admiral Poindexter?

Mr. NORTH. Yes.

Mr. NIELDS. And did he advise you that representatives from the Attorney General's office were going to be coming in over the weekend to look at documents?

Mr. NORTH. Yes, he did.

Mr. NIELDS. Did you ask him how much time you had?

Mr. NORTH. I may have. I don't recall saying that specifically.

I think what he told me, if I remember properly, is that they would be in tomorrow. That wasn't an issue of whether they would be in at 8:00 or whether they would be in at 10:00, but they were there in the morning. In fact, they were there before I got there in the morning, if I remember correctly, on the morning, Saturday morning, the 22d. And I had already laid out on my desk—not my desk, but on the table in my office, all of the files that were pertinent to the Nicaraguan—to the Iranian initiative, all the files that remained on the Iranian initiative.

Mr. NIELDS. OK. So at the time of your conversation with Admiral Poindexter, you did not have 24 hours between the time of the conversation and the time the Attorney General's people were going to come in looking at documents?

Mr. NORTH. I am uncertain at this point as to what time of day I talked to the Admiral about that, but I was told at some point on Friday that they would be there the following day.

Mr. NIELDS. Did you—did he purport, to the best of your recollection, to tell you anything that the Attorney General had said on that subject?

Mr. NORTH. No. My recollection is that the issue was a factfinding inquiry—I think that is the way it was put—regarding the September and November, '85, shipments. I mean, that is what I recall. There may have been more to that conversation, but that is what I recall.

Mr. NIELDS. Did there come a time in November of 1986 or earlier in which the Attorney General advised you that you should get yourself a lawyer?

Mr. NORTH. I don't recall him saying that to me.

What I do recall is Director Casey telling me that, and I think maybe he said the Attorney General suggested it. And I am not entirely certain of that, but I do remember Director Casey mentioning two specific reasons to get a lawyer. One was that he expected there to be a civil suit similar to the one that was already lodged in Florida against General Secord and others regarding the Nicaraguan Resistance; and another one by associates of Mr. Furmark or others who were alleging that I was responsible or that General Secord or both of us were responsible for the fact that Mr. Ghorbanifar had not paid them.

There was another reason, and that was that the Congress had initiated a proposal—and I don't know what form that proposal took—but there was a proposal in '86 to convene an independent counsel to investigate as I was told—I never recall seeing a piece of paper on this, and I don't recall now seeing a piece of paper on it—but that there was a proposal from the Congress to the Attorney General to investigate me and my role in support for the Nicaraguan Resistance. And that was through an independent counsel.

And I think it was Director Casey that pointed that out to me. I don't recall the Attorney General recommending to me that I seek counsel. I do remember several occasions in which Director Casey urged that I seek counsel.

By the way, at no time did he ever say for criminal activity. I mean, he specifically mentioned a civil suit. I mean, after all, he reminded me frequently that he was a lawyer, and by his definition and others, a good one.

Mr. Nields. Did you, after you learned that the Attorney General's people were going to come in on Saturday, tell Mr. McFarlane that you were going to have a shredding party?

Mr. North. No, I don't recall ever using the words "shredding party". I may have told Mr. McFarlane, as I know I told Admiral Poindexter, albeit erroneously, that I had destroyed the records pertaining to the use of Iranian funds to support the Nicaraguan Resistance. I may have told him that point blank. I don't recall the specific conversation.

I also don't recall—I mean, it is just not my vernacular to use the words "shredding party". That is not the way I talk.

Mr. Nields. Did you in words or substance tell Mr. McFarlane that you were planning to shred documents on Friday, the 21st of November?

Mr. North. Again, I think—if I did refer to this with Mr. McFarlane—and I don't recall the conversation—but if I did, I probably would have said the same thing that I had already assured Admiral Poindexter earlier in the day, or perhaps at some point in the day, maybe it was later, that, "Don't worry about that, it is already taken care of. Those documents are gone."

I was wrong. There was one left. And I had believed at that point in time that they were all gone.

Mr. Nields. I going to turn back to the subject that we were on yesterday afternoon, namely the Contras. I think that you had testified yesterday about the efforts to raise moneys for the Contras after the Boland Amendment had come into effect. Did you also endeavor to procure arms for the Contras?

Mr. North. Yes.

Mr. Nields. Did you receive, for example, lists of arms from Mr. Calero?

Mr. North. Yes.

Mr. Nields. And I take it you contacted General Secord and asked him whether he would be willing to endeavor to purchase the arms and sell them to the Contras?

Mr. North. And others. I mean, I contacted a number of people to include General Singlaub, and others.

Mr. Nields. And I take it you made in some instances specific efforts to obtain particular kinds of arms, such as Blowpipe missiles, for example?

Mr. North. Yes, I did.

Mr. Nields. And I take it that, I think you have already testified to this, that you on one occasion interceded with Country Four——

Mr. North. You have to—allow me to—yes.

Mr. Nields. To facilitate a delivery of arms to the Contras?

Mr. North. That is correct.

Mr. Nields. And I take it——

Mr. North. Among others. I am willing to——

Mr. Nields. Among other countries with whom you interceded in a similar way, I take it, is what you are saying?

Mr. North. Exactly.

Mr. Nields. And indeed, I think that you probably have seen a document in which you endeavored to reward a Central American country that had provided end-user certificates?

Mr. North. That is correct.

Mr. Nields. And I take it that these——

Mr. North. I didn't see the document. I wrote it. I will stand up and take that.

Mr. Nields. And I take it you had had communications with officials of that country in advance of writing that document?

Mr. North. That is correct.

Mr. Nields. And you told them that you were going to try to get them some help as a way of rewarding them for the help they had given to the Contras?

Mr. North. Let me be very specific about that. I do not recall ever telling any country or representative of any country that if they did this that we would do that. What is very important—and I tried to articulate this yesterday—is that others in other countries and other Americans very clearly saw that help to the Nicaraguan Resistance was in the best interests of those countries and was in the best interest of the United States of America. Those other countries in almost every case, without even any prodding, stepped up and wanted to help.

So when I met with somebody, it didn't take a great deal of pushing. What I am saying to you, counsel, is that there was a very clear recognition, particularly in Central America, that there was a disaster at hand, that they saw, in the words of one head of state, that they were in the mouth of the lion, and I have given you notes of my meetings with a number of heads of state. Quite honestly, counsel, I don't understand why I had to give you those notes. I would have thought under normal circumstances that they would have been accorded what we used to call executive privilege. Those were meetings I had with heads of state and representatives of other countries in the conduct of the foreign policy of the United States of America, and I honestly believe to this day, sir, that those ought not to be handed out and bandied about, that they were private communications, as I was authorized to make by a representative of our Executive Branch in discussions with those people who represented their government.

And when the head of state of that country said to me, "You must understand, Colonel, that we are in the mouth of the lion, and you Americans hold the lion's tail", that what he was talking about was the fact that they could be devoured by what was going on inside Nicaragua. They saw the Leninist totalitarian regime in Managua as a disastrous threat to their own safety, the security of their people, and the opportunity for economic development, and I didn't have to push these people. All I had to do was nod and say "We would be grateful", and indeed I believe we should be.

And so when I met with the representatives of any one of those countries on that list for that purpose, it didn't take prodding. All it took was saying we would be grateful, and indeed I think we ought to be.

Mr. NIELDS. I think the question was, I take it that you sought to reward this country for the help that it had given in getting arms to the Contras.

Mr. NORTH. I sought in the memorandum that I prepared to acknowledge what they had done. I also sought to point out in that memorandum that that country, which we don't have listed as a number here, but that that particular country was suffering from a guerrilla war sponsored by the Soviet Union and Cuba and Nicaragua and that they were in desperate straits, and they needed help. They needed economic help, and they needed security assistance. And the memorandum that I attached also indicated that they had provided assistance to the Nicaraguan Resistance in the form of end-user certificates, but I never told the representatives of that country that if they give us those, we would get something else to them. That is an important factor. I didn't make promises based on a quid pro quo.

Mr. NIELDS. Well, I would like you to turn in that case to exhibit 145. It is in book 6. Do you have that in front of you?

Mr. NORTH. I have exhibit 140—did you say 5 or 6?

Mr. NIELDS. One-hundred-forty-five.

Mr. NORTH. Right.

Mr. NIELDS. Do you have that in front of you?

Mr. NORTH. I do.

Mr. NIELDS. And that is a document, a memorandum, from you to Mr. McFarlane.

Mr. NORTH. It is.

Mr. NIELDS. And it deals with this Central American country and it is titled "Aid to the Nicaraguan Resistance".

Mr. NORTH. That is correct.

Mr. NIELDS. And it recommends that the National Security Adviser, Mr. McFarlane, send a letter to the Secretaries of State and Defense, among others?

Mr. NORTH. Yes, that is correct.

Mr. NIELDS. And the letter itself is a suggestion of providing some assistance to the Central American country.

Mr. NORTH. That is correct.

Mr. NIELDS. And in your memo, you say—at the end of the memo on page two, once we have approval for at least some of what they have asked for, we can ensure that the right people in that country understand that we are able to provide results from their cooperation on the Resistance issue.

Now you wrote that, was that your intention?

Mr. NORTH. That was one of my intentions, but it is very clear from the attached memo what the real problem is there, too. And the attached memo talks about in recent weeks there appears to have been an increase in guerrilla attacks and subversion in that country.

Mr. NIELDS. And indeed you indicate in the memo, at page 1, that the real purpose of your memo is to find a way by which we can compensate the Central American country for the extraordinary assistance they are providing to the Nicaraguan Freedom Fighters.

And you also recommend that the letter—that goes to the Secretaries of Defense and State—and this is on page two—not refer to the arrangements which have been made for supporting the Resistance.

Mr. NORTH. That is correct. I don't deny a single word that is in there. But what I am saying to you, and the point I was trying to make is I did not tell the representatives of that country blanked out there that if they did this, then we would do that. Never did I do that.

Mr. NIELDS. But you wanted this done for the purpose expressed at the end of page 2, which is so that you can ensure that the right people in the Central American country understand that we are able to provide results from their cooperation on the Resistance issue.

Mr. NORTH. I do not deny that.

Mr. NIELDS. But you didn't want the Secretaries of Defense and State, who were being asked to provide these results, to know why they were doing it?

Mr. NORTH. Let me be more specific than that. I did not want the memo that you see at tab I, which is sent to the Honorable George P. Shultz, Casper Weinberger, William Casey and General Vessey, which would be reviewed by hundreds of people en route to their offices, to have that reference in it.

And as I said yesterday, counsel, it was fairly well known certainly to those men—although they may all deny it—what I was doing. There came a time when the man at the top of that list, at the occasion of the retirement of Ambassador Robert Oakley, took me aside just weeks before I was summarily fired, put his arm around my shoulder and told me what a remarkable job I had done keeping the Nicaraguan Resistance alive.

There is no doubt that they knew what I was doing and yet I didn't think it was necessary that the hundreds of staffers who would see that memo on the way to their front offices had a clear recognition for what I was doing.

I didn't seek the credit and I didn't want the blame. I was simply willing to take the fall if somebody needed a political scapegoat. That is what I was willing to do.

Mr. NIELDS. And I take it one of the other things which you did was to organize a resupply operation in Nicaragua, for Nicaragua?

Mr. NORTH. I helped do that, yes.

Mr. NIELDS. You asked General Secord if he would be willing to run it himself, did you not?

Mr. NORTH. That is correct.

Mr. NIELDS. And you also asked Ambassador Tambs to help open a Southern Front?

Mr. NORTH. That is correct.

Mr. NIELDS. And you also asked him to help out on the resupply operation?

Mr. NORTH. I don't know that I asked him to specifically help on the resupply operation. I did ask for his help and received it in trying to obtain the use by virtue of a lease or a planned sale of real estate in that country for the purposes of building an airfield that would be used for supporting the Nicaraguan Resistance, yes.

Mr. NIELDS. And I take it that one of the purposes for the airstrip was as an emergency landing place for the resupply operation?

Mr. NORTH. And a place to fly small planes in and out of, yes.

Mr. NIELDS. Just so we are clear, I take it a resupply operation involves the flying of goods, including arms, inside Nicaragua and dropping them to Contras that were stationed there and needed to be resupplied?

Mr. NORTH. You said it.

Mr. NIELDS. And I take it that you asked others to help out in obtaining the—this airstrip?

There is a Mr. Haskell who has been referred to in some of your documents as Mr. Olmstead, who I take it you knew and asked to help out in obtaining the property and developing it?

Mr. NORTH. I did, and I'm pleased to note that he helped.

Mr. NIELDS. And I take it that among other things you interceded with third countries in an effort to obtain airplanes?

Mr. NORTH. Yes. And other things, as we already know.

Mr. NIELDS. And I take it this resupply operation eventually got started and was operational sometime in 1986?

Mr. NORTH. I don't want to get pinned down to an exact date when it got going, but it did get going.

Mr. NIELDS. And you obtained certain secure communication devices, KL-43's?

Mr. NORTH. Yes, I did.

Mr. NIELDS. And distributed them to members of the resupply operation?

Mr. NORTH. And others, that is correct. American citizens.

Mr. NIELDS. And I take it you utilized these and so did they to communicate with respect to the air resupply operation?

Mr. NORTH. And other matters.

I would point out for the benefit of the committee that Director Casey had on several occasions indicated to me how vulnerable our communications were to intercept from the Soviets' signal intelligence site at Lourdes, Cuba, and that his suspicion was that our communications were being read altogether too frequently and that I should seek some type of communications support, which I did.

The KL-43's were used for that purpose and others.

Mr. **Nields**. And you sent and received messages relating to the resupply operation on that KL-43?

Mr. **North**. Many.

Mr. **Nields**. And I take it that the messages that were sent to you were in many instances typed up by your secretary?

Mr. **North**. Yes.

Mr. **Nields**. And I take it they were among the documents which were shredded?

Mr. **North**. Among the documents, yes. Apparently I didn't shred all of them, however.

Mr. **Nields**. And among other things you directed those who were operating the resupply operation down in Central America with respect to when they should make drops, how they should make them, where they should make them and so on?

Mr. **North**. I don't think that "directed" is the right term. And I am not trying to back away from any of the things that I did, but it is hard to direct a war from a desk in Washington, and I was not trying to direct a war from a desk in Washington.

I provided as much support for those activities as I was physically able. I went down frequently to coordinate with people in the region and I would receive and try to coordinate those activities based on information that I received from a multiple of sources. And so "directing" I don't think is quite the right phrase to use.

Mr. **Nields**. But you did from time to time give instructions about where items should be dropped——

Mr. **North**. Oh, yes.

Mr. **Nields**. —when they should drop, how they should be dropped?

Mr. **North**. Well, again, I mean they are going to be dropped by parachute no matter what. But I would have a communications in—that would indicate we needed a unit in a certain place, needed a certain number of items, and I would pick up the phone and—the KL-43—and ask those guys to see if they could do that. Sometimes they could, sometimes they couldn't.

But when you say "directing"—I don't you—I don't think that I ever sent out, "I direct you to do the following" at such and such a time.

Mr. **Nields**. Why don't we just turn to exhibit 88. I believe that is in book 4.

Do you have that in front of you?

Mr. **North**. I have exhibit 88—begins with "Unit"?

Mr. **Nields**. Yes.

Up at the top it says F.M. Goode, G-o-o-d-e?

Mr. **North**. Yes.

Mr. **Nields**. I take it you are Goode?

Mr. **North**. I was very good.

Mr. **Nields**. And this is a message that was from you, I take it?

Mr. **North**. It was.

Mr. **Nields**. And it discusses, does it not, a proposed drop of weapons?

Mr. **North**. Yes.

Mr. **Nields**. Indeed, in the first paragraph it says, "The unit to which we wanted to drop in the southern quadrant of Nicaragua is in desperate need of ordnance supply." Then you discuss various plans.

In one sentence it reads, "Have therefore developed an alternative plan which"—and the code name of the Chief of the Central American Task Force is blanked out——

Mr. **North**. On my copy it is not, but I understand.

Mr. **Nields**. —"has been briefed on and in which he concurs."

Then down below you say, "On any night between Wednesday, April 9, and Friday, April 11, these supplies should be dropped by the C-23 in the vicinity of"—and there are coordinates which are blanked out.

Mr. **North**. Not on mine, but I know the place well.

Mr. **Nields**. "The aircraft should penetrate Nicaragua across the Atlantic coast south of"—there is another word blanked out.

Mr. **North**. Not on mine, but I know it.

Mr. **Nields**. "Call signs, frequency and zone marking light diagram to be provided to Ralph at"—and another place is blanked out.

Mr. **North**. Not on mine.

Mr. **Nields**. —"by the new UNO Sur operator we are taking care of. Hope we can make this happen the right way this time. If we are ever going to take the pressure off the Northern Front, we have got to get this drop in quickly."

Then you say, "Please make sure that this is retransmitted via this channel to"—there is a blank—"Ralph, Sat and Steele. Owen already briefed and prepared to go with the L-100 out of"—another place is blanked out—"if this will help."

Mr. **Nields**. Again I take it this message was sent by you and I take it this was not atypical of other messages that you sent dealing with the same kinds of issues?

Mr. **North**. That is correct.

Mr. **Nields**. By the way, this document was obtained from Mr. Secord, and it is marked top secret.

Now, is it normal for a purely private operation to have its documents classified?

Mr. **North**. Private companies all over the United States of America who do business with or for the Government of the United States have classified documents probably at a much higher level than even that in terms of compartments.

I would also point out that the KL-43 device I recall correctly and I haven't used one in 7 months, but I used it a lot when I had one, automatically put, I think, a code on the transmission.

[Counsel conferring with witness.]

Mr. **North**. In any event, I see nothing unusual with that.

Mr. **Nields**. And I take it that you would agree with the proposition that this resupply operation was doing business with or for the United States?

Mr. **North**. They were certainly doing it to benefit the foreign policy of the United States of America, I will certainly agree with that.

Mr. **Nields**. And was it in furtherance of a covert operation being run by the National Security Council?

Mr. **North**. It was in furtherance of the foreign policy of the President of the United States to support the Nicaraguan Freedom

Fighters, an activity that I was coordinating, that I wrote policy papers on and on which I carefully kept my superiors apprised of what I was doing.

Mr. **Nields**. And I take it among other things that you did was direct moneys to various Contra leaders and other persons in Central America?

Mr. **North**. I did, as I testified this morning.

Mr. **Nields**. And some of those were carried down by Mr. Owen?

Mr. **North**. Yes, they were.

Mr. **Nields**. And some of them were taken there by General Secord or people working under his direction?

Mr. **North**. Yes, and others.

Mr. **Nields**. And I take it that Mr. Owen did a number of things in furtherance of the support of the Contras?

Mr. **North**. Yes, he did. Thank God.

Mr. **Nields**. Indeed you had a name for him, I take it. It was the courier?

Mr. **North**. I don't recall giving him that name, but I do recall that his documents would come in marked TC.

Mr. **Nields**. And that stood for the courier?

Mr. **North**. Yes.

Mr. **Nields**. And as you have already said, he would carry money down from your office to various Contra leaders?

Mr. **North**. Yes.

Mr. **Nields**. And he scouted the airstrip?

Mr. **North**. I guess he did, yes. I am not too sure—yes, I guess that was prior to Olmstead.

Mr. **Nields**. And he would bring you a list of weapons from the Contras that they wanted?

Mr. **North**. That is right, among other things.

Mr. **Nields**. And he carried intelligence from you down to the Contras for particular operations?

Mr. **North**. That is correct.

Mr. **Nields**. Indeed, I think he testified before this committee that he was, in his words, your "eyes and ears" in the Contra movement.

Mr. **North**. I don't recall his testimony, but I won't dispute the description.

Mr. **Nields**. And I take it that you contacted——

[Counsel conferring with witness.]

Mr. **Nields**. I take it that you contacted other people for the purpose of having them do or talk to the Contras about doing special operations?

Mr. **North**. I did. Among other things, yes. And I keep saying among other things, because I don't want you to leave this room and think that that is all we did, and what you just described was a lot, and it kept us up for many long sleepless days and nights away from home for many days at a time and a lot of nights.

We also worked very hard to unify this Resistance movement, and I would point out without taking undue credit or having undue credit given to those with whom we worked that this is the only anti-Communist Resistance movement that ever unified.

We haven't succeeded in doing that in Afghanistan. We didn't succeed in doing that in Angola, or Ethiopia, or Guinea-Bissau, Mozambique, or other places where Resistance movements have grown up to fight communism. It happened here. It happened here because I think there were so many people working so hard for a unified purpose and that was a lot of what we did.

We also delivered food and clothing and medical supplies and provided prosthetic limbs for people with their arms and hands blown off and their legs, and tried to look after the families of those people who had been killed or badly wounded and were no longer productive wage earners. So there was a lot done.

In a word, Director Casey said it was a full-service covert operation, and I am not too sure that's a bad description. There was a lot of people who cared, and I say we cared because a lot of us, like Rob Owen and General Secord and Bill Haskell and myself, came to know the young campasino who is fighting this war. These are young men and women who gave up everything they had, and they fled a totalitarian Communist regime and they fled to another country because they could no longer live within the one they had been born in, and they took up arms.

I didn't create the Nicaraguan Contra or the Nicaraguan Freedom Fighter, and the CIA didn't create it. The Sandinistas created it. They all cared enough to do all of those things, not just the way you have left it, sending guns, sending guns, sending guns. It was all of that, counsel, as best we were able.

Mr. NIELDS. And I take it one of the ways you got the leaders to unify was to send substantial amounts of cash down to them?

Mr. NORTH. People who are going to give up their lives and their livelihoods to join a Resistance movement need to feed their families, and so when it became necessary to help them eat and put a roof over the heads of their families to join a political and military opposition to the Communist regime in Managua, we sent money, yes.

Mr. NIELDS. And in one case you sent a total of $225,000 to one leader.

Mr. NORTH. I give up. Who?

Mr. NIELDS. We have been avoiding mentioning particular names, but there is a particular leader who was sent $225,000 over approximately a year-and-a-half period out of the Swiss bank accounts under General Secord's control.

Mr. SULLIVAN. May I suggest that if you want accurate testimony here, that you provide the colonel with the name on a piece of paper and see if he has a response to it.

Chairman INOUYE. We will, sir.

Mr. SULLIVAN. Thank you, sir.

Mr. NORTH. While you are looking for the piece of paper, the amount may be $225,000 it might well be higher. But I don't think the committee ought to be left with the impression that he was bribed or she was bribed into joining this movement. These were people who felt deeply, perhaps even more so than I, because it was their country. And I don't know that anybody was ever bribed to join the Nicaraguan Resistance, no matter who the person is or how much he got. I think that they fought as best they were able and they used the moneys that I provided for them to support the cause that they believed in.

In particular that man, who after all had been a part of the movement to throw out Somoza. And that is important for you to understand. This man joined up with what he had hoped to be a democratic opposition, and he had the revolution that he worked for stolen from him. And, yes, I sent money to that man, and I know because I saw the product of it, that he helped form a Southern Front with that money, and if it helped him to live and to feed his family, good, and there is nothing wrong with that, counsel, nothing.

Mr. NIELDS. I would like to ask you some questions now about who in the U.S. Government was aware of this full-service operation.

Mr. NORTH. I'm sorry.

Mr. NIELDS. I am going to ask you a few questions now about who in the U.S. Government was aware of this full-service operation. Was Mr. Abrams at the State Department?

Mr. NORTH. Well, I certainly believed he was.

Mr. NIELDS. Well did you ever talk to him about it?

Mr. NORTH. Yes.

Mr. NIELDS. Now, what aspects of it did you discuss with him?

Mr. NORTH. Well let me describe the situation. You are in a meeting with the people who are in the business of formulating American policy and trying to coordinate what activities we can in the region. And the meeting goes, "We desperately have got to do something about X, Y, or Z, Ollie."

Now, as I just indicated to you a few moments ago, when Secretary Shultz took me aside at Ambassador Bob Oakley's retirement, I knew what he meant. He didn't have to say, "You did a great job on the L–100 resupply on the night of the 9th of April." He knew in sufficiently eloquent terms what I had done. And as I said to you, counsel, I didn't walk around bragging. I didn't walk around saying, "Hey, look at me." I sought to avoid that. I did not seek the credit and I didn't want the blame.

I am willing to accept the blame for what I did and I have told you a good bit of that here, and some of it has not been easy. I honestly believe that there were many, many people within the Executive Branch who had a grasp, if not in specific detail but in sufficient detail, that they knew who to turn to when they wanted something done. And so when the airplane being flown by Captain Bill Cooper and co-piloted by Buzz Sawyer, two of the braver people I have ever met on this planet, was shot down out of the skies over Nicaragua by a surface-to-air missile, I was the person who was called to raise the money to pay for the counselor services to retrieve their bodies.

Mr. NIELDS. Who called you?

Mr. NORTH. Mr. Abrams. Why would he turn to me if he didn't know I was doing it?

Mr. NIELDS. Turn to exhibit 94. Do you have that in front of you?

Mr. NORTH. I do.

Mr. NIELDS. And is that a note that you took on your spiral note pads of a conversation with Mr. Abrams on 25 April, '86?

Mr. NORTH. It appears to be.

Mr. NIELDS. Is that of a meeting with Mr. Abrams?

Mr. NORTH. Well, it says meeting with Elliott and that is the only Elliott that I can recall. I take that back. I do know other Elliotts, but I am sure that, given the subject matter, that is what it pertains to.

Mr. NIELDS. One of the things that is written there is—well there are a number of items written under it. I take it those are matters you discussed with Mr. Abrams at the meeting?

Mr. NORTH. I see the notation, counsel, I do not recall that—what year is this? It must be '86, if it's——

Mr. NIELDS. 1986.

Mr. NORTH. Ambassador Abrams. And it says—I don't even know what the first note means at this point. Supplies for Southern Front is the second item, air base open and blank, aircraft for blank, and 100 Blowpipes—BP's—that's not the gas station.

Mr. NIELDS. Did you discuss those subjects with Mr. Abrams at that meeting to the best of your recollection?

Mr. NORTH. I do not have any recollection of that meeting but I do not deny that I discussed those at various points in time with Mr. Abrams and others.

Mr. NIELDS. I take it there came a time when you gave Mr. Abrams the identity of a bank account in Switzerland?

Mr. NORTH. Yes.

Mr. NIELDS. Which was the Lake Resources account?

Mr. NORTH. It was.

Mr. NIELDS. Would you describe the circumstances under which you gave him that account?

Mr. NORTH. Honestly, without being able to refresh my memory, all I remember is that at some point in time I gave him a sheet of paper or a card, or whatever, with the account number on it. And I knew at the time that he was going to—either he or someone from the Department of State was going to talk to a representative from—what country are we calling them?—they get to be called by their own name, the representative from Brunei. I cannot recall exactly when that was, it must have been some time in 1986.

Mr. NIELDS. Did you tell him anything about the account?

Mr. NORTH. I told him that it was an account in which he could determine what he wanted done with the moneys in those accounts—in that account, that it would be under U.S. rather than foreign control.

Mr. NIELDS. When you say foreign, do you mean, U.S. as opposed to Nicaraguan?

Mr. NORTH. U.S. as opposed to any other—in other words a it wouldn't have to be in a—a U.S. person would have control over the account, that it wouldn't be a foreigner of some other banking company or some other country, or whatever. That is what I recall.

Mr. NIELDS. Did you tell him that it was a pre-existing account, one that you were already using for the Contras?

Mr. NORTH. I don't recall whether I told him that or not.

Mr. NIELDS. The only thing you recall about your conversation was that you told him it was an account under the control of a U.S. person?

Mr. NORTH. Yes. Unless you can refresh my memory better, that is all I remember.

Mr. NIELDS. Any other people in the State Department who were aware of your full service operation?

Mr. NORTH. I don't know specifically—you asked me what did Ambassador Abrams know, OK. He knew enough to turn to me for those things, he knew enough to turn—that he and I could talk about these issues, and I don't see anything wrong with him knowing that. Unless I am overly naive, it was appropriate for the Assistant Secretary for Latin American Affairs to be aware of what was going on. These were matters that affected the policy down there. If the Nicaraguan Resistance wasn't going to survive, he was going to have a first-class disaster on his hands.

Mr. NIELDS. Let me sharpen my question. With whom else at the State Department, if anyone, did you discuss all or part of your full service operation?

Mr. NORTH. Well, let's see, One other person I can recall specifically is Mr. John Miller, who at the time worked in the—I can't recall the initials of the office, but it was the Office of Public Diplomacy, and he was aware of it, at least part of it.

Mr. NIELDS. Which part?

Mr. NORTH. The public diplomacy aspect of it and the effort to reach out and make contact with the Resistance leadership in a unity effort. He was certainly aware of that.

Mr. NIELDS. Any others at the State Department?

Mr. NORTH. Not that I can recall off the top of my head. Maybe if we flip to another page where I have someone else's name on it.

Mr. NIELDS. How about the CIA, and let's proceed using titles.

Mr. NORTH. Well, I think that the level of knowledge that Mr. Abrams had was certainly shared among people who were engaged in the Central American Task Force. I want to go back once again to intelligence. And I guess maybe I would like to expand it out—I am not trying to drag in a whole bunch of people in the Ollie North Dragnet here, but the National Intelligence Daily that is published every single day by the CIA, except I think Sunday, is provided to the Intelligence Committees up here, and there was ample indication frequently that there was resupply going on from 1984 through 1986. And so there were a lot of people who knew that something was happening.

Now, I don't know if the intelligence that was being seen by the CIA actually had my name in it aside from those issues that Director Casey brought up with me directly, but surely there were times when people pointed out to me that, oh by the way, is that ship leaving country "X" headed for country "Y"? And I would say, yes, and they knew enough to call me about that.

So Director Casey had specific and detailed knowledge because I briefed him frequently in detail. Below his level, I would guess the knowledge got thinner the further down the ladder you went until you got to the Central American Task Force, and within the Central American Task Force there were people who had much more specific knowledge than in the intervening layers.

Mr. NIELDS. And did you ever discuss with the Chief of the Central American Task Force the specifics of your role in the Contra resupply operation?

[Counsel conferring with witness]

Mr. NORTH. Yes.

Mr. NIELDS. How frequently?

Mr. NORTH. As necessary.

Mr. NIELDS. I take it more than once?

Mr. NORTH. Yes.

Mr. NIELDS. Was it more like once a week?

Mr. NORTH. I don't know. I would guess that there were occasions that were perhaps weekly. It wasn't necessary to do it weekly so much as it was just to get a feel for how things were moving.

Mr. NIELDS. I would like you to turn to a document which has been marked exhibit 98. Do you have that in front of you?

Mr. NORTH. I do.

Mr. NIELDS. I would like you to turn to the second page of it, and I don't want you to read anything from it.

My first question is whether that is the list of items that you referred to in your testimony yesterday.

Mr. NORTH. No, but that is certainly a list. The one I was referring to yesterday was at some later point with greater specificity. But it is the same type of thing.

Mr. NIELDS. And this one does, I take it, record items discussed at a meeting with the Chief of the Central American Task Force?

Mr. NORTH. If you are talking about page 1, it is a telephone call apparently. Are we talking about the 6 August, 1000 entry?

Mr. NIELDS. No. 98.

Mr. NORTH. Oh, excuse me.

That is the list.

Mr. NIELDS. And I take it that records subjects discussed at a meeting with, among other people, the Chief of the Central American Task Force?

Mr. NORTH. That is correct.

Mr. NIELDS. And I take it on the second page there is a list of items that you discussed, including payments to various Contra leaders, and then air OPS at the bottom.

Mr. NORTH. That is correct.

Mr. NIELDS. And air OPS, what does that refer to?

Mr. NORTH. Aircraft resupply, parachuting supplies and flying them into Nicaragua to support the Nicaraguan Resistance.

Mr. NIELDS. This is the resupply operation which was being run by General Secord?

Mr. NORTH. And by the Resistance itself, yes.

Mr. NIELDS. How about the Vice President, was he aware of your role in the Contra resupply operation?

Mr. NORTH. If he was, I didn't tell him.

Mr. NIELDS. How about people in his office?

Mr. NORTH. Well, I don't know what—the only other person I ever talked to in his office at any rate of frequency was Mr. Don Gregg, and I don't know what he knew. He had a lot more frequent—he had much more frequent contact with another person who was down there.

Mr. NIELDS. Would you turn to exhibit 99.

Do you have that in front of you?

Mr. NORTH. I do.

Mr. NIELDS. It is dated 10-5-86. I take it that is immediately after the shoot-down of the Hasenfus plane?

Mr. North. I would have to have my memory refreshed because I was overseas at the time, I think.

Mr. Nields. It is October 5, 1986.

Mr. North. Well again, I think I was overseas at the time.

Mr. Nields. There is a reference in exhibit 99, which is on Office of the Vice President stationery, C–123 equals Ollie.

Mr. North. I don't know what they called the C-123. I have never seen this document before in my life, Mr. Nields.

Mr. Nields. Did you ever discuss your resupply operation with Mr. Gregg or Mr. Watson in the Office of the Vice President?

Mr. North. I do not recall talking to Mr. Watson. I do recall talking to Mr. Gregg. I believe it was in terms of concern about Mr. Rodriguez. I don't recall going into any great detail with Mr. Gregg about it. It just may have slipped my mind. Obviously somebody knew something while I was travelling around in Europe.

Mr. Nields. How about the Department of Defense, the Southern Command? Were there people there with whom you discussed your role in the resupply operation?

Mr. North. Again, I don't think I made clear my role to people much below the level of Admiral Móreau, who had a detailed knowledge of it, until he departed for another assignment in Europe.

I know that several people who worked for him on his staff had some knowledge of what I was doing. There were occasionally people who I would see when I was traveling who were military officers when I would travel to Central America who were American military officers.

The Ambassadors of those countries saw me—on occasion, I am not saying they saw me everytime or that I specifically sought them out on every trip, but they did see me.

Mr. Nields. How about General Gorman?

Mr. North. I think General Gorman had a general idea of what I was doing. General Gorman had been the predecessor to Admiral Móreau at the Pentagon. I visited with him frequently, but I don't recall with these people sitting down and saying, oh by the way, over the next 30 days here is what Ollie North plans to do.

What is more likely that I did is I sat down and I said, you know over the course of the next six months, do these sound like good ideas for the Nicaraguan Resistance, and what is your advice on how they should carry those things out? And so what I am saying to you is by inference these people came to know what my role was in supporting the democratic opposition in Nicaragua, both military, as well as political—and in trying to engender support for it from countries in the region, as well as in Europe.

Mr. Nields. Would you turn to exhibit 102? Do you have that in front of you?

Mr. North. I do.

Mr. Nields. And are those your notes of a conversation with General Gorman on the 19th of February 1985?

Mr. North. They certainly appear to be, because that is my writing, or a copy of it.

Mr. Nields. And it says there—you have written there, "told him——"

Mr. North. No. F.R. told his priority should be FDN. "Told him in delicate stage of transition from blank run op to blank run op with lurps and prowl," and I can't read beyond that, because it is all scratched out.

Mr. Nields. You put in some blanks. You said blank in two places. There is nothing classified about either of those words. One of them is CIA and the other is southern command. "Delicate stage of transition from CIA run op to southern command run op."

Mr. North. Right. That is referring to the country in which F.R. was living, and I thought that that was a classified program. It has nothing to do with the Nicaraguan Resistance. The only entry regarding the Nicaraguan Resistance is the letters FDN; and what General Gorman was trying to do was to get F.R. away from those two items on the bottom, which were an approved activity, I thought they were classified, in support of military operations in that country, authorized, appropriated moneys being used for it, and what he was trying to do is get F.R. the heck away from those two activities.

And I don't blame him for that, because he saw a problem there, and I happen to agree with him. He is, after all, a four-star general, and what he was trying to do is to have me back him up, because that is what he was trying to accomplish.

Mr. Nields. Was the President of the United States aware of your—the fact that you were running a resupply operation in Nicaragua?

Mr. North. Again, I have absolutely no idea of what the President's knowledge specifically about what I was doing. I made every effort to keep my superiors fully apprised as to what I was doing and the effect that it was having in the region. And you have tons of documents taken from me, some of which I personally surrendered to you, and you alone and—others that were taken from my files that make that abundantly clear.

I don't know to this day what the President knew I personally was doing. I hope to God that people were keeping him apprised as to the effect of it, because if we had not done it, there wouldn't have been a Nicaraguan Resistance around when the Congress got around to putting up a hundred million dollars for it, sir.

Mr. Nields. Did you obtain from Mr. Dutton a book of photographs?

Mr. North. From who? Oh, yes, I did.

Mr. Nields. And did you tell him that you were, wanted that book—this was, I take it, a book of photographs of various aspects of the resupply operation?

Mr. North. That is correct.

Mr. Nields. Planes——

Mr. North. And other things, too. I don't recall specifically what was in the book, but then—that is correct.

Mr. Nields. And did you tell him that you wanted that book so that you would have something to show the President about the good work that they were doing?

Mr. North. I am not sure that I put it that way. I—you know, I want to get away from this "Ollie North wanted to get the credit" stuff, because I didn't. I think what I wanted to do was to—and if I said something to that effect, I think the President ought to see this. And I think I made an effort to send it up to the President through the National Security Adviser, and I don't know whether it ever got to the President or not. But if the book is still around, somebody ought to send it to him, because the President ought to be aware of what a handful of people did to keep the Nicaraguan Resistance alive at a time when nobody in this Congress seemed to care. And it is important that the President know that good men gave inordinate amounts of time and some gave their lives to support that activity, and some of them have been brutally treated by what has come about in these two parallel investigations, brutally treated.

Mr. NIELDS. How did you go about making efforts——

[Witness conferring with counsel.]

Mr. NIELDS. How did you go about making efforts——

Mr. NORTH. I would like to correct something I just said, Mr. Chairman. And I apologize to those who did care, because there were many members of this body who cared a lot, and eventually a majority cared again and chose to appropriate $100 million to support that Resistance. And I apologize to those of you who have backed them all the way, and I pray to God you will not stop because what I have done or what I have failed to do, I desperately believe that if nothing else comes of these hearings, that you will have sufficient reason to vote again to appropriate moneys to that cause. And I ask your apologies for overstating what I just did.

Chairman INOUYE. On that point, may we take a 10-minute recess.

[Brief recess.]

Chairman INOUYE. May we have order. The hearing will please come to order.

Mr. Nields.

Mr. NIELDS. Thank you, Mr. Chairman.

Colonel North, what was your legal authority for conducting a full-service covert operation to support the Contras?

[Witness conferring with counsel.]

Mr. NORTH. The authority that I sought from my superiors in setting up the activity to begin with and then the conduct of it.

Mr. NIELDS. But you are aware that every covert activity abroad requires a Finding by the President to support it, aren't you?

Mr. NORTH. I am aware that covert actions undertaken by the CIA do indeed require a Finding. I am not aware, as you have just indicated, that quote "all covert actions require a Finding."

Mr. NIELDS. Well, there is an Executive order that has been entered as an exhibit in these hearings that requires all covert operations to be supported by a Finding, notified to Congress, and it also requires—it is Executive Order 12333—and it also requires a specific determination by the President before any agency other than the CIA may conduct a covert operation.

Are you aware of any Finding that supported your operation or any specific determination by the President that the NSC should conduct it?

Mr. NORTH. No.

Mr. NIELDS. And I should state for the record that at page 324 of the Tower Board Report the following is stated: "The President told the Board on January 26, 1987, that he did not know that the NSC staff was engaged in helping the Contras."

Is the NSC itself authorized to conduct covert operations abroad?

Mr. NORTH. I have found nothing that in my experience as a National Security Council staff member that indicates that it is not.

Mr. NIELDS. Well then I take it you were conducting an intelligence operation abroad, and I take it then it would be your testimony that the NSC is an agency engaged in intelligence activities?

Mr. NORTH. I guess—I don't——

[Witness confers with his attorney.]

Mr. NIELDS. The record should reflect that the answer was interrupted by counsel.

Mr. NORTH. Counsel, would you please repeat the question?

Mr. NIELDS. I take it that during the time when you were supporting, conducting a full service covert operation in support of the Contras, the NSC was an agency involved in intelligence activities?

Mr. NORTH. I am still uncertain as to how to answer your question. I was on the NSC staff coordinating the activities of a non—outside USG group of people, on occasion I had contact with people inside the U.S. Government. I kept my superiors fully apprised as to what they were doing. Director Casey was intimately aware of the activities.

On one occasion in the case of these—this broader operation supporting a subsidiary activity, for example, the DEA officers who assisted in a hostage recovery operation, we went specifically to the head of the DEA, and if I recall correctly the Attorney General, and sought his permission, and I did not see at that point in time, nor do I see now, the need for a Finding, specifically that you would have to have a written Finding. I am quite sure that if we had seen that you needed a Finding, we would have done one.

Mr. NIELDS. That would have required a determination by the President, is that correct?

Mr. NORTH. Well, I don't have before me the Executive order or the requirements for a Finding, but I believe it would have, yes.

Mr. NIELDS. Findings are signed by the President?

Mr. NORTH. Presidential Findings are signed by the President.

Mr. NIELDS. And there was no such Finding covering your full service covert operation that you have been testifying about for the last half the afternoon?

Mr. NORTH. I have only been testifying because you have been asking me the questions, Mr. Nields, and I'd—what I am saying is that I told you what we did and you have defined them as certain things. I am not necessarily saying that that meant that we were doing this, that or the other thing requiring some other written document.

In fact, I am not even certain that a Presidential Finding needs to be on paper.

Mr. NIELDS. You are aware that there was a law of Congress passed by the Congress, a statute of the United States, in effect at that time, which prohibited the use of funds available to any agency involved in intelligence activities to support, militarily or paramilitarily, the Contras?

Mr. NORTH. I am not sure that I understood the way the Boland Amendment or Boland proscriptions of October 1984 read exactly the way you just said, but what I am certain is that we—Director Casey, other lawyers—looked at that and said that the NSC staff was not proscribed from doing those activities.

Mr. **Nields**. In fact, you had an opinion drafted by a lawyer for—within Congress in your files saying exactly the opposite, didn't you?

Mr. **North**. I may have. I had a lot of files.

Mr. **Nields**. Turn to exhibit 106. It's is in book No. 5.

Do you have that in front of you?

Mr. **North**. I have exhibit 105.

Mr. **Nields**. Do you have that in front of you?

Mr. **Sullivan**. 5 or 6?

Mr. **Nields**. 106.

Do you have that in front of you?

Mr. **North**. I have the exhibit in front of me.

Mr. **Nields**. And the cover sheet is from Vince to Ollie?

Mr. **North**. Yes.

Mr. **Nields**. And it says, "On the chance Steve didn't give you a copy, attached is for your use."

And the attached is a memorandum dated August 8, 1985, on House of Representatives stationery from a lawyer employed by the House of Representatives, and two-thirds of the way down the page it says, "NSC is clearly a U.S. entity involved in intelligence activities subject to the Section 8066(a) prohibition."

8066(a) is the Boland Amendment, which prohibits—and it is quoted right above—funds available to the CIA, the Department of Defense, or any other agency or entity of the United States involved in intelligence activities to be obligated or expended to provide military support for the Contras.

I take it this document was in your files as of on or about August 8, 1985?

[Witness confers with his attorney.]

Mr. **North**. Well, I will believe that you found—if you tell me this was found in my files, I believe you.

I don't recall the document. I am not saying I didn't receive it. I don't know when I received it. And I will tell you that I had other people who suggested—in fact, it was suggested regularly in our media that anything like this was contrary to law.

But I will also tell you we also had opinions that said that we were fully legitimate. We had one of those from the Intelligence Oversight Board. I had the—Director Casey and I who started talking about this in 1983 and then carried it on until I left the NSC, reminded me frequently that he was a lawyer and others would remind me that he was a good one, and that it was clearly my understanding that what I was doing was legal.

Mr. **Nields**. The opinion that you made reference to, the one from the Intelligence Oversight Board, had the top cut off of it in your file so that you couldn't tell who wrote it.

Could you explain why that occurred?

Mr. **North**. No.

Mr. **Nields**. I take it you were aware, however, that in the summer of 1985, there were a number of press reports that raised questions about whether you were engaged in activities which violated this law, the Boland Amendment?

Mr. **North**. Yes, and I think what it focused on is that somewhere along the line there was someone who made the assumption that we in the NSC were spending part of the NSC budget to support the Nicaraguan Resistance. And we didn't.

And my understanding—and I have not read Boland, the Boland Amendments in some time, but my understanding then was that what we could not do is take and expend funds which had been made available to the CIA and the DOD, et cetera, for the purpose of providing direct or indirect support for military and paramilitary operations in Nicaragua.

Now that is a memory that is over 7 months old, but I think that was what the intent was.

Certainly the way we pursued it and we made every effort not to expend U.S. Government funds to support the Nicaraguan Resistance and thus when Director Casey suggested setting up outside entities and he gave me the name of General Secord as a person who could help do it, we did it as an effort to comply with the Boland proscriptions.

Mr. **Nields**. And following these newspaper articles there were various inquiries by committees of Congress?

Mr. **North**. That is correct.

Mr. **Nields**. And one of them was by the House Committee on Intelligence? That is a question. Do you know the answer to it?

Mr. **North**. I do not recall the specific inquiry to which you are referring, sir.

Mr. **Nields**. Well, I will ask you to turn to exhibit 114. It is a letter from Chairman Hamilton of the House Intelligence Committee referring to recent press accounts of alleged activities by National Security Council and it asks for a description of those activities. And if you will turn to exhibit 118, my question is going to be, is that the reply that was sent back to Chairman Hamilton?

Mr. **North**. I'm sorry which one was the incoming exhibit number?

Mr. **Nields**. 114, and the reply is exhibit 118.

Mr. **North**. All right.

Mr. **Nields**. Now, the incoming, as you put it, was to Mr. McFarlane and the reply is signed by Mr. McFarlane, but you were aware of that inquiry at the time, were you not?

Mr. **North**. I believe I was.

Mr. **Nields**. And indeed you were consulted about drafting an answer to it?

Mr. **North**. I am sure that I was.

Mr. **Nields**. And indeed you helped draft it?

Mr. **North**. Yes.

Mr. **Nields**. And the reply, again, answering questions about whether activities of the NSC staff violated the law, states in the middle of the first paragraph, and it is dated September 5, 1985, "Like you, I take such charges very seriously."

Did you also take those charges seriously?

Mr. **Sullivan**. Where are you reading counsel?

Mr. **Nields**. The middle of the first paragraph.

Mr. **North**. Can I just back up for one second? I acknowledge that that is what it says in that letter.

Mr. NIELDS. My question was whether you also took those charges seriously.

Mr. NORTH. I take all charges seriously, particularly the ones that are pending, as counsel has indicated, by an independent counsel running an extraordinary, unbridled, enormous investigation, and I am the only person on the entire planet Earth named in his appointment order, and I am up here trying to answer your questions at great jeopardy to that investigation, and I think that ought to be a consideration as you weigh whether or not I am going to be up here next week again, counsel.

Mr. NIELDS. And the letter goes on, "and consequently have thoroughly examined the facts and all matters which in any remote fashion could bear on these charges."

And I take it part of the examination that Mr. McFarlane did was to talk with you?

Mr. NORTH. Yes.

Mr. NIELDS. Then he states, "I can state with deep personal conviction that at no time did I or any member of the National Security Council staff violate the letter or the spirit of the law."

[Witness conferring with counsel.]

Mr. NIELDS. Then, in the middle of the bottom paragraph on the first page, it states, "in the fall of last year, with the enactment of the Boland Amendment, it was apparent that the Freedom Fighters were demoralized at the prospect of an end to U.S. support for their cause." And the next sentence says, "While we acknowledged to them that we could no longer contribute directly or indirectly to the paramilitary prosecution of their resistance, we stated we could continue to seek Congressional support," and so on.

Did you acknowledge to the Contras that you could no longer contribute directly or indirectly to the paramilitary or military prosecution of their resistance?

Mr. NORTH. I made it very clear that appropriated moneys of the United States of America would be temporarily withheld until the President could go back, as he said in public speeches, time after time after time, and he did so, until the Congress appropriated the moneys.

Mr. NIELDS. And in the last sentence of that paragraph, it states, "Our emphasis on a political rather than a military solution to the situation was as close as we ever came to influencing the military aspect of their struggle."

Is that statement true, sir?

Mr. NORTH. Well, it is partially true. I am not saying that all of the rest of it is true. What I am saying to you is that I continue to believe, as I did then, that there will ultimately have to be a political solution. War is after all a political endeavor. And I do not believe that we are going to see a victory march down the streets of Managua.

What I do believe that we can achieve is a democratic outcome in Nicaragua as part of a political process. It will require diplomacy, it also requires military pressure on the Sandinistas.

It is the essence of guerrilla war. This country fought a guerrilla war, one in which that I had served, and we lost the war. We won all the battles and lost the war.

Mr. **Nields**. The part of it which is untrue is the part that says that this was "as close as we ever came to influencing the military aspect of their struggle," isn't that true, sir?

Mr. **North**. With using appropriated funds, no, but I am not going to nitpick this thing.

Mr. **Nields**. That is a false statement, isn't it? You were conducting, as you have testified here most of the afternoon, a full service covert operation to support the military efforts of the Resistance.

Mr. **North**. Yes, that is true.

Mr. **Nields**. And this statement that emphasizing a political rather than a military solution was "as close as we ever came to influencing the military aspect of their struggle" is just false, isn't it?

Mr. **North**. It is not entirely false, but it is false, and I admit that there are other parts of this thing that are false.

Mr. **Nields**. Let's get to the next one, which is in the next paragraph it says, "It is equally important to stress what we did not do. We did not solicit funds or other support for military or paramilitary activities, either from Americans or third parties."

That is just plain false, isn't it?

Mr. **North**. Right.

Mr. **Nields**. Then there was a meeting with Members of Congress that followed that letter. Members of the Intelligence Committee.

Mr. **North**. 1985?

Mr. **Nields**. 1985—this was one, was it not, at which Mr. McFarlane did the talking?

Mr. **North**. I must confess that I don't remember that meeting. I do remember one in 1986 with Chairman Hamilton's——

Mr. **Nields**. We will get to that in a minute, but I am staying with 1985. Exhibit 120 is a cover letter relating to questions that were sent by the committee following the meeting.

[Counsel conferring with witness.]

Mr. **North**. I have exhibit 120.

Mr. **Nields**. And it is a cover sheet from you to Mr. McFarlane, and it makes reference to responses—excuse me a briefing before the Intelligence Committee on September 10, 1985.

Mr. **North**. That is correct.

Mr. **Nields**. And then if you go to exhibit 121, that is a letter from Mr. McFarlane to the Intelligence Committee responding to the written questions that followed the briefing.

Mr. **North**. That is correct.

Mr. **Nields**. And you helped prepare those answers to those written questions, did you not?

Mr. **North**. I am sure that I did.

Mr. **Nields**. And if you look at the first page towards the—the first page of the answers, the second page of the exhibit, there is a question 3, and it says, "When the CIA had to withdraw from their day-to-day contact with the rebels, it has been alleged in the *New York Times* that Colonel North tried to fill the void partly through helping facilitate the supplying of logistics help. Did Colonel North in his capacity as a staff member of the National Security Council use his influence to facilitate the movement of supplies either raised privately in this country or otherwise to the Contras?"

And the answer reads as follows: "Lt. Col. North did not use his influence to facilitate the movement of supplies to the Resistance."

That is false, too, isn't it?

Mr. NORTH. Yes.

Mr. NIELDS. And then if you go to the fifth page of the exhibit, there is a question number 2, which is, "General Singlaub has stated in the *Washington Post* that he would often talk to Colonel North and inform him what he was doing, and then state that if it was a dumb idea, for North to send him a signal. Is that your impression of the relationship between General Singlaub and Colonel North?"

The answer is not a simple yes or no. The answer is, "There is no official or unofficial relationship with any member of the NSC staff regarding fund raising for the Nicaraguan democratic opposition. This includes the alleged relationship with General Singlaub."

That is false, too, isn't it?

Mr. NORTH. I don't know what the definition of an official or unofficial relationship is, but I certainly saw General Singlaub a lot related to support for the Nicaraguan Resistance. I have you know testified to that.

Mr. NIELDS. Indeed, you had seen him in that connection four times within the previous 9 months that you testified about already?

Mr. NORTH. I don't recall testifying about specific dates, but I willingly admit to you, as I did earlier today, that I met on a number of occasions with General Singlaub relating to support for the Nicaraguan Resistance.

Mr. NIELDS. And then going back to page 2, again, its the second page of the exhibit, the first page of the question and answer, there is a question 2 and an answer 2. The question refers to newspaper allegations and the answer reads as follows: "The allegation that Lt. Col. North offered the Resistance tactical advice and direction is, as I indicated in my briefing, patently untrue."

That wasn't true either, was it?

Mr. NORTH. I never sat down in the battlefield and offered direct tactical advice, but I certainly did have a number of discussions with the Resistance about military activities, yes, to include the broader strategy for the Sountern Front and an Atlantic front and an internal front.

Mr. NIELDS. And at about this time, prompted by the same newspaper articles and congressional inquiries, counsel for the President's Intelligence Oversight Board interviewed you and asked you if in fact you were engaged in fundraising and military support for the Contras?

Mr. NORTH. Are you talking about Mr. Sciaroni——

Mr. NIELDS. Brett Sciaroni?

Mr. NORTH. I have absolutely no recall of that discussion. Mr. Sciaroni's office, until I moved my office to the suite in room 302, was down the hall from Mr. Sciaroni's office. We had many conversations. I do not recall the one which you refer to.

Mr. NIELDS. Do you deny—he has testified that in connection with his writing the opinion which you made reference to earlier, he conducted an investigation which included a review of documents and an interview with you, and he asked you about the newspaper reports that you were engaged in fundraising and giving military advice to the Contras, and that you denied that you were doing any such thing. Can you deny that you had that conversation?

Mr. NORTH. No. I just said I don't recall that specific conversation. He and I had many. We may well have had the one that you just described, and I am sure that if he asked me that question I denied it, because after all we viewed this to be a covert operation and he had absolutely no need to know the details of what I was doing.

By my understanding, the Intelligence Oversight Board does not have oversight authority over the National Security Council staff, I don't think—at least I didn't then.

Mr. NIELDS. So what you are saying is if you didn't feel that the Oversight Board had authority to investigate the staff, even if it was engaged in intelligence operations; that you felt free to lie to him?

[Counsel conferring with the witness]

Mr. NORTH. Forgive me again. Would you please repeat the question, counsel?

Mr. NIELDS. The question was that if you felt that the President's Intelligence Oversight Board did not have authority to investigate the NSC, even if it was engaged in intelligence activities, that you felt free to lie to him.

Mr. NORTH. Well, I don't like the sound of that. I don't think I basically would have told him—you know, I probably would have said it is none of your business, or whatever. And in fact—I mean no disrespect to this body, none whatsoever, not to this committee or the joint committee or to either House of Congress, but my approach, what I wanted to do in terms of answering these questions, was to simply not answer them at all, and I want to go back through what I said yesterday about a covert operation.

We had the lives of people at stake. We had this nation's foreign policy at stake. We had the lives of the people involved in the Resistance activity at stake. And we have, as in any other covert operation, a problem of deniability. I was to be the deniability. I was to go when the time came—political liability, he's gone.

The fact is that protecting the role of foreign governments who were assisting in that was important to them. I was sent down there and talking to heads of state and the leaders of foreign governments and promised them—promised them absolute discretion, that we wouldn't reveal what support they were providing.

And the reason we promised them that is because they were in great jeopardy of reprisals from the Sandinistas and reprisals from their own internal political dissent, so we promised them that we wouldn't talk about it.

We also had protecting the bases and the activities that they permitted on their territory in support of the Resistance, and they were concerned about that, and so we told them don't worry, we won't divulge it.

I was sent there and told them that on instruction. Now my answer toward protecting individuals and protecting the role of foreign governments and protecting the nature of the support to the Nicaraguan Resistance—I mean after all, if we had announced in the newspapers, counsel, that we were building an airfield in a Central American country to support the Nicaraguan Resistance and told the American people, and unfortunately had we told the Congress, it would have become public and the Sandinistas would have known about it.

Mr. NIELDS. Sir, you have already testified that *Izvestia* had written about it.

Mr. NORTH. *Izvestia* didn't write about——

Mr. NIELDS. The Cuban newspapers had written about it, our newspapers were writing about it——

Mr. NORTH. But they weren't writing about it in specific detail.

Mr. NIELDS. Are you saying the Sandinistas did not know about the resupply operation?

Mr. NORTH. I'm telling you the Sandinistas didn't know what time of day and night that the airplanes were taking off.

Mr. NIELDS. Did Congress inquire what time of day or night the airplanes were taking off?

Mr. NORTH. No, but that's what the general——

Mr. NIELDS. They asked whether you were engaged in supporting the Contras during the pendency of a law that prohibited it.

Mr. SULLIVAN. Counsel, excuse me, excuse me.

Mr. NORTH. That prohibited——

Mr. SULLIVAN. Mr. Chairman, there were two interruptions there. And I know that lawyers can sometimes get excited and fire rapid questions, but I am asking that we be particularly sensitive to permitting the witness to finish the answers.

Chairman INOUYE. I believe we have been extremely sensitive to you and your client. I believe the record will show that we have not objected to unresponsive answers. Many questions that could have been easily answered by simple yes or no have taken 15 minutes, and the chair has not interrupted. We have permitted speeches to be made here.

Mr. SULLIVAN. I know that, sir.

Chairman INOUYE. As you know you are one of the best defense lawyers in town——

Mr. SULLIVAN. Thanks.

Chairman INOUYE. And in a courtroom if the answer is not responsive, usually the court would stop you, so, counsel, proceed.

Mr. SULLIVAN. My experience is a little bit different, Mr. Chairman. Normally a witness is able to finish his answer.

Chairman INOUYE. We have permitted your client to answer completely. Has he been denied the opportunity to give a complete answer during these proceedings?

Mr. SULLIVAN. Mr. Chairman, I am not complaining about a lot of the questions. My duty is to object when I see a question posed which my client is not permitted to answer. There were two, and if you would like to play the tape back or read it back, it is quite clear that counsel jumped in before the answer was given. That is my only point. I am not complaining about many of the questions, I am only complaining periodically when I believe there is a reasonable basis to bring the matter to your attention and ask for a fair judgment, that is all.

Chairman INOUYE. That matter has been brought to my attention. Counsel, proceed.

Mr. **Nields**. I take it there came a time when another committee of Congress made an inquiry in writing. Congressman Barnes, I take it, wrote a letter, and it is in your exhibit book as exhibit 107. Do you have that in front of you?

Mr. **North**. Yes.

Mr. **Nields**. And it also inquires about activities of certain NSC staff members in providing advice and fundraising support to the Nicaraguan Rebel leaders.

Mr. **North**. That is right.

Mr. **Nields**. And the reply is at exhibit 109.

Mr. **North**. Right.

Mr. **Nields**. Do you have that in front of you?

Mr. **North**. Right.

Mr. **Nields**. And that, I take it, you also helped Mr. McFarlane draft?

Mr. **North**. I probably did. I don't recall specifically. There were a number of these.

Mr. **Nields**. And in the middle of the second paragraph after citing to the Boland Amendment itself, it states, "There have not been nor will there be any expenditures of NSC funds which would have the effect of supporting directly or indirectly military or paramilitary operations in Nicaragua."

Do you see that?

Mr. **North**. I don't see it, but I heard you. I got it.

Mr. **Nields**. Do you have it?

Mr. **North**. Yes.

Mr. **Nields**. You were aware, I take it, that salaries were included in the Boland Amendment?

Mr. **North**. No—not mine.

Mr. **Nields**. How about airplane trips?

Mr. **North**. I made every effort, counsel, to avoid the use of appropriated funds. And as I said, that was why the decision was made in '84, before this proscription ever became law, to set up outside entities and to raise non-U.S. Government moneys by which the Nicaraguan Freedom Fighters could be supported.

What I am trying to say is that there was an effort to comply with Boland. It was a hard and difficult task. We tried very hard. And aside from those letters, there were many many efforts to include the use of the operational account I described to you this morning, by which we tried very hard to live within the letter of the law. That is not necessarily the answer you are looking for about these letters, because these letters are clearly misleading.

Mr. **Nields**. Well, let's take a look at page 2 of this letter where it states at the bottom of the partial paragraph on the top of the page: "Throughout we have scrupulously abided by the spirit and letter of the law. None of us has solicited funds, facilitated contacts for prospective potential donors, or otherwise organized or coordinated the military or paramilitary efforts of the Resistance."

I take it that statement is misleading.

Mr. **North**. Part of that is misleading, yes.

Mr. **Nields**. Indeed.

Mr. **North**. As I indicated this morning, I have never to my recollection solicited funds, but I have just admitted to you that these are misleading responses.

I would also, if you will indulge me, in finishing what I started earlier, I would also point out to you, counsel, that this is not my preferred response. My preferred response, and I tried it several times in this process, was not to tell the Congress. In no disrespect to this body, none whatsoever, but in fact exercising what I understood to be executive privilege, and I have a letter that I also drafted that was drafted several different times in an attempt to answer this. In fact, the one that I have, and it was never sent, is addressed to Congressman Barnes, and if you don't mind, counsel will put it up so that you can all see it. And in fact, this letter is my preferred answer.

I was not entirely comfortable at all with this. But this letter lays out why I thought we had the right to deny that information and why I think it was appropriate to do so and why I am appalled that you now have the notebooks in which I kept records of my conversations with heads of state and other foreign military and political leaders.

Mr. **Nields**. Colonel North, the document which you have just put up in front of this committee is your preferred response?

Mr. **North**. Yes.

Mr. **Nields**. States in its very first sentence, "This is in reply to your letter of October 29."

Mr. **North**. Yes.

Mr. **Nields**. That was long after the letter which is——

Mr. **North**. Counsel——

Mr. **Nields**. —which is exhibit 109?

Mr. **North**. Counsel——

Mr. **Nields**. Which is dated September 12——

Mr. **North**. I——

Mr. **Nields**. —1985.

Mr. **North**. I agree. I am saying that the words below referring to the Jay Treaties and executive privilege were used numerous times in an effort to have that be the answer to the Congress.

This is simply one other effort on that document to have that answer sent to the Congress.

Mr. **Nields**. Well——

Mr. **North**. And it wasn't sent.

Mr. **Nields**. We have the letter dated October 29, 1985, and it is exhibit 111 and it is a letter requesting documents.

Mr. **North**. Yes.

Mr. **Nields**. The earlier letter requested answers.

Mr. **North**. Yes.

Mr. **Nields**. And a letter was sent in reply that you have said you probably participated in that gave false answers.

Mr. **North**. Yes.

Mr. **Nields**. Then Congress wasn't satisfied with the answers and they sent the letter back dated October 29 seeking documents, and that is when the letter which you have put up here was drafted to prevent Congress from getting any documents.

Mr. **North**. Counsel, in each and every case, I advocated this philosophy in answering the Congress. There was no executive privilege exercised, and instead answers that were sent to the Congress that were clearly misleading. I am not denying that. And I participated in that effort. I am admitting that to this body.

What I am saying to you is that my preferred answer would have been no answer at all. And I believed then and I believe now that the Executive was fully legitimate in giving no answer to those queries, and that others could be called forward to testify if they wished but they shouldn't have been compelled to do so. And that is the essence of all that is in the bottom two paragraphs here.

Mr. NIELDS. Let's get to the documents then. The documents that were requested were reviewed by you, were they not?

Mr. NORTH. I guess they were. I don't recall the specific event, but I assume that they were because I was asked to provide certain documents.

Mr. NIELDS. And they were taken out of official NSC files?

Mr. NORTH. That is correct.

Mr. NIELDS. And they were brought to the attention of Mr. McFarlane?

Mr. NORTH. Yes.

Mr. NIELDS. And you and he sat down together and talked about them?

Mr. NORTH. I don't recall that we necessarily sat down and talked about it. I do know that he brought those to my attention indicated that there were problems with them, and told me to fix them.

Mr. NIELDS. There were six of them that there were particular problems with; is that correct?

Mr. NORTH. I don't recall the number.

Mr. NIELDS. Well, do you recall the handwritten list that was——

Mr. NORTH. I recall there was a handwritten list; I don't remember how many there were.

Mr. NIELDS. It is exhibit 112.

Mr. NORTH. Right.

Mr. NIELDS. That is the handwritten list by document number of the problem documents.

Mr. NORTH. Right.

Mr. NIELDS. OK now, you just said that he asked you to fix them. What does that mean?

Mr. NORTH. Remove references to certain activities, certain undertakings on my behalf or his, and basically clean up the record.

Mr. NIELDS. Did you?

Mr. NORTH. Tried to.

Mr. NIELDS. Then?

Mr. NORTH. No. I don't believe I got around to it until just before I left.

Mr. NIELDS. And indeed, I take it the references that you were therefore instructed to fix up were such things as references to your current donors?

Mr. NORTH. I would have to look at each of those documents to refresh my memory, but I am telling you those are documents that had problems with them, yes. It had reference to my activities.

Mr. NIELDS. Activities——

Mr. NORTH. And references to those things that I had done over the course of that period of time, or things that I reported on that had been done as a consequence of my activities.

Mr. NIELDS. These were activities in support of military support and fundraising support for the Contras?

Mr. NORTH. I would certainly admit to the former; I am not sure about the latter on the fundraising. It may have been reference to that, too.

Mr. NIELDS. Well, I will just state for the record, and we needn't look at them again. We have spent almost a full day with these documents. But they are exhibits 141 through 153, that is in both original and altered form, and I will say that one of the things which is taken out of those documents are references to "our current donors," and I take it that reference to a particular foreign country, Country Two?

Mr. NORTH. OK. Again, I told you yesterday that I still don't know who that particular donor was for sure.

Mr. NIELDS. And I will note for the record that even in the altered version of the documents, there are still some materials that have been blanked out because the executive regards them as classified.

Mr. NORTH. OK.

Mr. NIELDS. So you didn't just remove all sensitive materials, you removed the materials that demonstrated that you were conducting activities in support of the Contras?

Mr. NORTH. All right.

Mr. NIELDS. What was the reason for altering those documents right before you left?

Mr. NORTH. Well, he had asked me to do it some time before and I simply hadn't gotten it done yet.

Mr. NIELDS. Well, he was gone. What was the reason that he gave you for changing these documents?

Mr. NORTH. Well, those documents clearly indicated that there was a covert operation being conducted in support of the Nicaraguan Resistance.

And part of the whole thing with the covert operation is being able to protect those people with whom you are engaged as we had committed to do, and protect from political damage as well as international repercussions the Government of the United States, and so, I very clearly understood why he wanted those documents cleaned up, and I sought to do so.

Mr. NIELDS. I take it, I think you have already referred to another inquiry, Congressional inquiry approximately a year after the first one.

Mr. NORTH. Right.

Mr. NIELDS. Summer of 1986. And I think you will see at exhibit 122 that there was a—before I get to that, Colonel North, I want to stay with the documents for just a moment. You had a filing system, did you not, at the NSC?

Mr. NORTH. I myself?

Mr. NIELDS. The NSC had a filing system.

Mr. NORTH. NSC staff has a document filing system, that is correct.

Mr. NIELDS. And there are various categories in the system?

Mr. NORTH. In the systems, plural, yes. System 1, 2, and 4.

Mr. NIELDS. And 4 is where the most highly classified documents are stored?

Mr. NORTH. Yes.

Mr. **Nields**. And I take it you have a system like that so that if there are materials that should not be exposed to the public, there is a way of handling them to see that that doesn't happen?

Mr. **North**. Say that again?

Mr. **Nields**. I am saying the whole reason you have documents classified as System 4 documents is so that they will be handled and stored in such a way that they will not be inappropriately exposed to public view?

Mr. **North**. True.

Mr. **Nields**. So, there was already in existence an official way of protecting information that ought not to be made public?

Mr. **North**. Yes, but you have to remember that that system, just like any information in my safe, is very much what I would call successor dependent, and there is some uncertainty as to what your replacement might do with those things when he walks in the door, and so, I had absolutely no problem whatsoever with Mr. McFarlane telling me that these documents need to be cleaned up.

In fact, we had earlier, perhaps subsequent to those documents being prepared, decided to take those kinds of documents out of the system altogether, so that they no longer were in the system, they were non-logged, if you will, and they were handcarried back and forth between my office and the West Wing.

An effort was made, in other words, to keep them out of the system so that outside knowledge would not necessarily be derived from having seen them, the documents themselves.

Mr. **Nields**. Well these documents that were on Mr. McFarlane's list—after they were discussed by you with him in 1985, they were placed back into the system, were they not?

Mr. **North**. I got them out of the system. I don't know where they sat in the interim, but I went to the system to retrieve them, because I saw towards the end of my tenure that this list still had not been cleaned up, and so I went and got the documents out of the system and started revising the documents.

I had created them, and I was now changing them, in consonance was—with what I believed he wanted on the documents to begin with. The documents, after all, demonstrated his knowledge and cognizance over what I was doing, and he didn't want that. He was cleaning up the historical record. He was trying to preserve the President from political damage.

I don't blame him for that.

Mr. **Nields**. He was changing it to make it untrue.

Mr. **North**. Yes. I think by omission more than commission, but, I mean we were certainly deleting in the redrafts of those documents, deleting portions of it which indicated the full depth of what I was doing and his knowledge of what I was doing.

Mr. **Nields**. Just so that we understand, a few days before you actually left, that would be a few days before August 25, 1986——

Mr. **North**. No.

Mr. **Nields**. Excuse me, November 25, 1986.

Mr. **North**. Correct.

Mr. **Nields**. You obtained these documents, original documents from NSC files.

Mr. **North**. Correct.

Mr. **Nields**. How did you obtain them?

Mr. NORTH. I went in and drew them out, and—I shouldn't say I did, I think I had my secretary go to the files clerk and withdraw the documents. And again, I am not certain of that, but that is what I recall.

Mr. NIELDS. Did you or she have authority to get these documents out of NSC files?

Mr. NORTH. Oh, sure—I mean, the system is set up so that particularly an officer who creates a document can go and retrieve his own documents.

Mr. NIELDS. Isn't it a fact——

Mr. NORTH. For the purposes of historical, you know, checking something or whatever.

Mr. NIELDS. Isn't it a fact that you had to get Mr. deGraffenreid's help to get these documents?

Mr. NORTH. I honestly don't recall that I did. My recollection of it, counsel, is that I asked my secretary to go to his secretary and get the documents, but I may not be remembering correctly.

Mr. NIELDS. So, you had to go to his secretary to get the documents?

Mr. NORTH. But they are kept in his office. I mean, the physical location of those documents was his office space. I mean he was after all—it was within his space that the custodian of that system resided, and he had stacks of files full of these things, of that system's documents.

Mr. NIELDS. I take it that the handwritten list of the numbers on the documents had been kept by you for the almost year period from the time you first discussed these documents with Mr. McFarlane until the time you took them out in November of 1986?

Mr. NORTH. Yes. In fact, I provided to the committee a copy of that list.

Mr. NIELDS. What?

Mr. NORTH. I sent it back to you.

Mr. NIELDS. Where had you kept it?

Mr. NORTH. I believe the original of it was probably underneath the blotter on my desk. My management style is perhaps due for criticism. But I think that is—it was probably on my desk or underneath one of my computers or something like that. I don't readily remember.

I do remember in the latter days of my tenure at the NSC coming across the list saying, oh, boy, this isn't done, and going about doing what I had been asked to do some period before.

Mr. NIELDS. Going to go back again now to the summer of 1986. Exhibit 122 is a resolution of inquiry. It relates to you and it seeks information about funding concerning the Contras, military advice, and asks specific questions about Robert Owen, General Singlaub and a man named John Hull.

Mr. NORTH. Right.

Mr. NIELDS. And there came a time, did there not, when you had an interview with members of the House Intelligence Committee?

Mr. NORTH. I did.

Mr. NIELDS. And staff?

Mr. NORTH. I don't remember if there was any staff there or not. I defer to Chairman Hamilton. He convened his group in the White House Situation Room and I met with them there.

Mr. NIELDS. There is a memorandum which was done by staff which is exhibit 126.

Do you have that in front of you?

Mr. NORTH. I do.

Mr. NIELDS. And it is dated August 6, 1986. Is that at or about the time when you had this interview?

Mr. NORTH. Again I defer to the committee and Chairman Hamilton. I had such a meeting; if that is when it was—I don't remember the date.

Mr. NIELDS. Then this was you personally talking to them?

Mr. NORTH. It was on instructions of the National Security Adviser. I was instructed to meet with Chairman Hamilton and I believe many of the members of the committee.

Mr. NIELDS. And they were interested in finding out the answers to the questions raised by the resolution of inquiry.

Mr. NORTH. Exactly.

Mr. NIELDS. Your fundraising activities?

Mr. NORTH. Precisely.

Mr. NIELDS. Military support for the Contras?

Mr. NORTH. That's right.

Mr. NIELDS. Questions about Mr. Owen, General Singlaub and John Hull?

[Witness confers with his attorney.]

Mr. NORTH. Yes.

Mr. NIELDS. The beginning of this memorandum that appears to be a description of what you said during that meeting. It says from Boland Amendment on, North explained strictures to Contras.

Is that true, did you explain the strictures to the Contras?

Mr. NORTH. I explained to them that there was no U.S. Government money until more was appropriated, yes.

Mr. NIELDS. And it says never violated stricture, gave advice on human rights, civic action program.

Mr. NORTH. I did do that.

Mr. NIELDS. But I take it you did considerably more which you did not tell the committee about?

Mr. NORTH. I have admitted that here before you today, knowing full well what I told the committee then. I think—and I think we can abbreviate this in hopes we can move on so that I can finish this week. I will tell you right now, counsel, and all the members here gathered, that I misled the Congress. I misled——

Mr. NIELDS. At that meeting?

Mr. NORTH. At that meeting.

Mr. NIELDS. Face to face?

Mr. NORTH. Face to face.

Mr. NIELDS. You made false statements to them about your activities in support of the Contras?

Mr. NORTH. I did.

Furthermore, I did so with a purpose, and I did so with a purpose of hopefully avoiding the very kind of thing that we have before us now, and avoiding a shut-off of help for the Nicaraguan Resistance, and avoiding an elimination of the Resistance facilities in three Central American countries wherein we had promised those heads of state on my specific orders, on specific orders to me—I had gone down there and assured them of our absolute and total discretion.

Mr. **Nields**. We do——

Mr. **North**. And I am admitting to you that I participated in preparation of documents for the Congress that were erroneous, misleading, evasive, and wrong, and I did it again here when I appeared before that committee convened in the White House Situation Room, and I make no excuses for what I did.

I will tell you now that I am under oath and I was not then.

Mr. **Nields**. We do live in a democracy, don't we?

Mr. **North**. We do, sir, thank God.

Mr. **Nields**. In which it is the people, not one Marine lieutenant colonel, that get to decide the important policy decisions for the nation?

[Witness confers with his attorney.]

Mr. **North**. Yes.

Mr. **Nields**. And part of the democratic process——

Mr. **North**. And I would point out that part of that answer is that this Marine lieutenant colonel was not making all of those decisions on his own. As I indicated yesterday in my testimony, Mr. Nields, I sought approval for everything that I did.

Mr. **Nields**. But you denied Congress the facts.

Mr. **North**. I did.

Mr. **Nields**. You denied the elected representatives of our people the facts upon which they needed to make a very important decision for this nation?

Mr. **North**. I did because of what I have just described to you as our concerns. And I did it because we have had incredible leaks from discussions with closed committees of the Congress. I was a part of, as people now know, the coordination for the mining of the harbors in Nicaragua. When that one leaked, there were American lives at stake and it leaked from a member of one of the committees, who eventually admitted it.

When there was a leak on the sensitive intelligence methods that we used to help capture the Achille Lauro terrorists, it almost wiped out that whole channel of communications.

Those kinds of things are devastating. They are devastating to the national security of the United States and I desperately hope that one of the things that can derive from all of this ordeal is that we can find a better way by which we can communicate those things properly with the Congress.

I am not admitting that what happened in this is proper. I am not admitting—or claiming, rather—that what I did and my role in it in communicating was proper.

Mr. **Nields**. Were you instructed to do it?

Mr. **North**. I was not specifically instructed, no.

Mr. **Nields**. Were you generally instructed?

Mr. **North**. Yes.

Mr. **Nields**. By whom?

Mr. **North**. My superiors. I prepared——

Mr. **Nields**. Who?

Mr. **North**. I prepared draft answers that they signed and sent. I would also point out——

Mr. **Nields**. What superior?

Mr. **North**. Well, look who signed—I didn't sign those letters to the—to this body.

Mr. **Nields**. I am talking about the last—I'm talking about oral meeting in August of 1986.

Mr. **North**. I went down to that oral meeting with the same kind of understanding that I had prepared those memos in 1985 and other communications.

Mr. **Nields**. Well you had a different boss, and in fairness, you ought to tell us whether he instructed you to do it, understood you did it, knew about it afterwards, or none of those.

Mr. **North**. He did not specifically go down and say, "Ollie, lie to the committee." I told him what I had said afterwards, and he sent me a note saying, "well done". Now, I would also like to point out one other thing. I deeply believe that the President of the United States is also an elected official of this land, and by the Constitution, as I understand it, he is the person charged with making and carrying out the foreign policy of this country. I believed from the moment I was engaged in this activity in 1984 that this was in furtherance of the foreign policy established by the President. I still believe that.

Mr. **Nields**. Even——

Mr. **North**. I am not saying that what I did here was right. And I have just placed myself, as you know, counsel, in great jeopardy.

Mr. **Nields**. Even the President——

[Witness confers with his attorney.]

Mr. **Nields**. Even the President is elected by the people.

Mr. **North**. I just said that.

Mr. **Nields**. And the people have the right to vote him out of office if they don't like his policies.

Mr. **North**. That is true.

Mr. **Nields**. And they can't exercise that function if the policies of the President are hidden from them?

Mr. **North**. Wait a second. I mean, yesterday we talked about the need for this nation, which is a country at risk in a dangerous world, having the need to conduct covert operations and secret diplomacy and carry out secret programs. I mean, we talked at some length about that, and that can certainly be the subject of great debate, and this great institution can pass laws that say no such activities can ever be conducted again. But that would be wrong, and you and I know that.

The fact is that this country does need to be able to conduct those kinds of activities, and the President ought not to be in a position, in my humble opinion, of having to go out and explain to the American people on a bi-weekly basis or any other kind that I, the President, am carrying out the following secret operations. It just can't be done. No nation in the world will ever help us again, and we desperately need that kind of help if we are to survive given our adversaries.

And what I am saying to you, Mr. Nields, is the American people, I think, trust that the President will indeed be conducting these kinds of activities. They trust that he will do so with a good purpose and good intent. I will also admit to you that I believe there has to be a way of consulting with the Congress. There must be.

I would also point out to you, Mr. Nields, that in June of 1986, not the Tower Commission, I gave a speech before the American

Bar Association on very short notice, I stood on the podium with Senator Moynihan, and I advocated the formation of a small discreet joint intelligence committee with a very professional small staff in which the administration would feel comfortable confiding in planning and conducting and funding these kinds of activities. I still believe that to be a good and thoughtful thing to do. There has to be that kind of proposal that allows the administration to talk straightforward with the Congress.

Mr. NIELDS. There came a time——

[Witness confers with his attorney.]

Mr. NIELDS. There came a time when one of the resupply operation's planes went down in Nicaragua?

Mr. NORTH. Yes.

Mr. NIELDS. That was early October, 1986.

Mr. NORTH. Yes.

Mr. NIELDS. If you will turn to exhibit 133. Do you have that in front of you?

Mr. NORTH. Yes.

Mr. NIELDS. It is a PROF message from Mr. Cannistraro, it relates to the plane that went down, and in the middle of the page it discusses press guidance. Do you see that?

Mr. NORTH. Yes.

Mr. NIELDS. And the statement is, press guidance was prepared which states, no USG involvement or connection but that we are generally aware of such support contracted by the Contras.

Were you aware at the time that this was the press guidance for the Hasenfus plane?

Mr. NORTH. I don't believe I was aware at that immediate moment, because, as I testified earlier, I believe I was overseas at that point. My recollection is that I was. But that is not inconsistent with what we had prepared as the press line if such a—if such an eventuality occurred.

Mr. NIELDS. And then the next paragraph says, "UNO to be asked to assume responsibility for flight."

Mr. NORTH. Right.

Mr. NIELDS. And then it says, Elliott will follow up with Ollie to facilitate this.

Mr. NORTH. Yes.

Mr. NIELDS. Was Mr. Abrams aware that UNO was not responsible for the flight?

Mr. NORTH. I think that the flight was certainly coordinated with people within UNO. UNO did indeed know about the flight. The flight happened to have been paid for by General Secord's operation, the airplane was paid for by his operation. The pilots were paid for by his operation. Those were not U.S. Government moneys, but those were certainly his activities, and I was the U.S. Government connection.

Mr. NIELDS. And was Elliott Abrams aware of the fact that you were the U.S. Government connection?

Mr. NORTH. You would have to ask Elliott Abrams exactly what he did know. But he called me to take care of getting the bodies home.

Mr. NIELDS. Did he ask you whether you or the NSC had any connection with the airplane?

Mr. NORTH. Counsel, he didn't have to ask me.

Mr. NIELDS. Because he alr——

Mr. NORTH. Any more than a congressman who called me up at one point and asked me to get an airdrop to the Indians had to ask me. He knew. I didn't have to tell him. I didn't have to write a memo to him. It was known.

I would guess that that is probably why Chairman Hamilton convened his group in the situation room. I have no doubt about that. And what I want you to know is I still don't think that what we did was illegal.

Mr. NIELDS. So you think——

Mr. NORTH. Please. It was not right. It does not leave me with a good taste in my mouth. I want you to know lying does not come easy to me. I want you to know that it doesn't come easy to anybody, but I think we all had to weigh in the balance the difference between lives and lies. I had to do that on a number of occasions in both these operations, and it is not an easy thing to do.

Mr. NIELDS. So you are telling us that you believe some Congressman knew of your connection, you have said that *Izvestia* knew of your connection, you said the Cubans knew of your connection, the Sandinistas——

Mr. NORTH. I——

Mr. NIELDS. I haven't finished the question yet—the Sandinistas knew of your connection, but exhibit 134 contains the administration's statement to the American people, it is a newspaper article about this flight; *Washington Post,* top left-hand column, "Top Reagan administration officials yesterday flatly denied any U.S. Government connection with the transport plane that the Sandinista Government said it shot down in Nicaragua with three Americans and a man of Latin origin aboard."

And the next exhibit, the committees have already heard, it is Elliott Abrams' statements on Evans and Novak absolutely guaranteeing that there was no U.S. Government connection, and particularly no NSC connection.

[Witness conferring with counsel.]

Mr. NIELDS. Now the American people, I take it, in this country where we trust our government officials believed those statements.

Mr. NORTH. Is that a question?

Mr. NIELDS. Yes.

Mr. NORTH. Well, I don't know. I cannot speak for the American people. I have never pretended to speak for the American people. But, I——

[Counsel conferring with witness.]

Mr. NIELDS. Colonel North, I have only one more question.

Mr. NORTH. Wait, wait—I am still trying to answer the last one. I am getting help here. I guess my problem is, counsel, that while I well recognize that there may well be a lot of American people who want to know, I was trying to weigh, and I am sure that others like Mr. McFarlane and Admiral Poindexter and Director Casey and Elliott Abrams and the Chief of the Central American Task Force and others were trying to weigh in their souls what would happen to those, for example, whom I had sent money to or enticed into this activity or published pamphlets in Managua, or ran radio broadcasts or blew things up or flew airplanes if the American

Government stood up and announced it and that is, after all, the essence of deniability and I was that deniable link and I was supposed to be dropped like a hot rock when it all came down.

And I was willing to serve in that capacity. I was not willing to become the victim of a criminal prosecution.

Mr. NIELDS. I have only one more question, sir.

You have given this committee several speeches on the subject of covert operations.

Mr. SULLIVAN. I object to that. Mr. Chairman, the witness has responded as frankly and as truthfully as he possibly can and I think that that is a pejorative term that mischaracterizes the extraordinary efforts of Colonel North to be frank with this committee. And I am tired, frankly, of going home at the end of the day and seeing members of this committee on the TV saying he is not being truthful, and that is another example of it.

I request, Mr. Chairman, that that kind of tactic not be utilized.

Thank you, sir.

Chairman INOUYE. I would like to advise the counsel that he may characterize this as something else, but as far as I am concerned, it was a very lengthy statement.

Some people consider lengthy statements to be speeches.

Counsel, proceed.

Mr. NIELDS. I am perfectly happy to use the expression lengthy statements.

You have made several lengthy statements to the committee on the subject of covert operations.

Mr. SULLIVAN. How about using lengthy answer, in order for him to get the truth before the committee?

Chairman INOUYE. Proceed.

Mr. NIELDS. As a result of the fact that the operations you have been testifying about were conducted in the covert manner that you have been testifying about, as I understand your testimony, you and others put out a false version of facts relating to the 1985 HAWK shipment.

You altered documents in official NSC files. You shredded documents shortly after you heard that representatives of the Attorney General of the United States were coming into your office to review them.

You wrote false and misleading letters to the Congress of the United States.

The Government lied to the American people about the connection to the Hasenfus plane.

You received a personal financial benefit from operating funds of the covert organization without knowing where it came from——

Mr. NORTH. Sir——

Mr. NIELDS. I am referring to the security fence.

Eight million dollars of operation funds was handled in a manner that you didn't know what had happened to it or whether it existed.

My question to you is whether this is an inevitable—these things are inevitable consequences of conducting covert operations or whether these are things that happened because of this—these two particular covert actions? If you have an answer.

Mr. **North**. Well, I have tried over the course of the last 2 days, counsel, to answer every one of your questions accurately.

I have tried to give you answers and explanations where needed for why I did what I did and the facts as they were known to me about what others did.

I am not here to impugn the testimony of others or to make excuses for anything that I did.

I have accepted the responsibility for those things that I did, and some of that has not come easily.

I would also expect, as you keep raising the American people, that the tens of thousands of American people who have written to me and communicated with me since I was relieved of my duties at the NSC and in particular over the course of the last 2 days, some of them seem to believe and with very, very few exceptions, perhaps 50 out of 40,000 or 50,000, perhaps 50, the remaining 50,000 or so who have communicated seem to believe that they think it was right that somebody would do something under those circumstances and I tried to do it to the very best of my abilities.

If they are found lacking, it is not for having tried not enough.

I sincerely believe that I did everything within the law. I made serious judgment errors and I have admitted those, but I tried and I don't regret having done it.

Mr. **Nields**. I have no further questions, Mr. Chairman.

Chairman **Inouye**. Thank you very much.

Colonel North, for the past 2 days, together with my colleagues on this panel, I have sat here very patiently listening to statements suggesting that Members of Congress cannot be trusted with the secrets of this land.

Although I have not discussed this in public before, but I did serve on the Intelligence Committee for 8 years, serving as chairman for the first 2 years.

In fact, it was my assignment to organize the Intelligence Committee.

During that period, according to the Federal Bureau of Investigation, the Central Intelligence Agency and the National Security Agency, there wasn't a single leak from that Senate Select Committee on Intelligence.

I am certain you are well aware that most of the leaks in this city come from the other side of Pennsylvania.

Secondly, I am a recipient of the Distinguished Service Medal of Intelligence, the highest non-military decoration that can be given to a non-military person. And last year just before Mr. Casey went to the hospital, he presented me with a Central Intelligence Agency agency medal.

Thirdly, a few days ago, General Odum, Director of the National Security Agency, communicated with me to advise me that since the creation of these two Select Committees, they have not seen any leaks emanating from these two committees.

I don't know who you are talking about, but I can assure you that these committees, the House and the Senate Select Committees, can be trusted.

The sessions of this day and yesterday have clearly demonstrated that if we had gone through the regular process that we have followed with all other witnesses, and that is going into executive session, taking depositions, we would not have had to have delays that we have experienced today over classified information.

Like you, I do not wish to see secrets of this land inadvertently and accidently made public.

Accordingly, at the conclusion of tomorrow afternoon's session at five, the panel will enter into executive session to discuss matters of classification.

The place will be announced tomorrow.

We will stand in recess until 9:00 o'clock tomorrow morning, at which time Mr. Van Cleve will conduct the investigation.

[Whereupon, at 5:07 p.m., the Select Committees recessed, to reconvene at 9:00 a.m., Thursday, May 9, 1987.]

JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

Continued Testimony of Oliver L. North (Questioning by Counsels)

THURSDAY, JULY 9, 1987

SENATE SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
AND
HOUSE SELECT COMMITTEE TO INVESTIGATE
COVERT ARMS TRANSACTIONS WITH IRAN,
Washington, DC.

The Select Committees met, pursuant to call, at 9:00 a.m., in room 325, Russell Senate Office Building, Hon. Daniel K. Inouye (chairman of the Senate Select Committee) and Hon. Lee H. Hamilton (chairman of the House Select Committee) presiding.

Chairman INOUYE. The hearing will please come to order.

This morning the panel will resume the questioning of Lt. Col. North.

May the record indicate that at 8:15 a.m. on July 7, 1987, the Select Committees of the House and Senate received a statement, the opening statement of Colonel North.

This statement, pursuant to the rules, had been examined and determined that there are no inadvertent disclosures of classified material.

Further, that we are satisfied that the statement does not exceed the bounds set forth by the court in the grant of immunity, and although the statement obviously exceeds 10 minutes, we will not insist upon a summary of it and if the colonel wishes to present his opening statement at this time, he may do so in total.

CONTINUED TESTIMONY OF OLIVER NORTH, FROM JULY 8

Mr. NORTH. Thank you, Mr. Chairman.

Chairman INOUYE. Please proceed.

Mr. NORTH. As you all know by now, my name is Oliver North, Lieutenant Colonel, United States Marine Corps.

My best friend is my wife, Betsy, to whom I have been married for 19 years and with whom I have had four wonderful children, aged 18, 16, 11, and 6.

I came to the National Security Council 6 years ago to work in the administration of a great President. As a staff member, I came to understand his goals and his desires.

I admired his policies, his strength and his ability to bring our country together.

I observed the President to be a leader who cared deeply about people and who believed that the interests of our country were advanced by recognizing that ours is a Nation at risk in a dangerous world—and acting accordingly.

He tried, and in my opinion succeeded, in advancing the cause of world peace by strengthening our country, by acting to restore and sustain democracy throughout the world, and by having the courage to take decisive action when needed.

I also believe that we must guard against a rather perverse side of American life and that is the tendency to launch vicious attacks and criticism against our elected officials.

President Reagan has made enormous contributions and he deserves our respect and admiration.

The National Security Council is in essence the President's staff. It helps to formulate and coordinate national security policy.

Some, perhaps on this committee, believe that the NSC was devoid of experienced leadership. I believe that is wrong.

While at the NSC, I worked most closely with three people: Mr. Robert C. McFarlane, Admiral John Poindexter, and CIA Director William Casey.

Bud McFarlane is a man who devoted nearly 30 years of his life to public service in a number of responsible positions.

At the NSC, he worked long hours, made great contributions, and I admire him for those efforts.

Admiral Poindexter is a distinguished Naval officer who served in a number of important positions of responsibility. He, too, was a tireless worker with a similar record of public service, and I, too, admire him greatly.

William Casey was a renowned lawyer, a war veteran of heroic proportions, and a former chairman of the SEC.

I understood that he was also a close personal friend and adviser to President Reagan.

There is nearly a century of combined public service by these three men.

As a member of the NSC staff, I knew that I held a position of responsibility, but I knew full well what my position was. I did not engage in fantasy that I was the President or Vice President or a Cabinet member or even the Director of the National Security Council.

I was simply a staff member with a demonstrated ability to get the job done. Over time, I was made responsible for managing a number of complex and sensitive covert operations that we have discussed here to date.

I reported directly to Mr. McFarlane and to Admiral Poindexter.

I coordinated directly with others, including Director Casey.

My authority to act always flowed, I believed, from my superiors. My military training inculcated in me a strong belief in the chain of command.

Insofar as I can recall, I always acted on major matters with specific approval after informing my superiors of the facts as I knew them, the risks, and the potential benefits.

I readily admit that I was action oriented, that I took pride in the fact that I was counted upon as a man who got the job done, and I don't mean this by way of criticism, but there were occasions when my superiors confronted with accomplishing goals or difficult tasks would simply say, "Fix it, Ollie, or take care of it."

Since graduating from the Naval Academy in 1968, I have strived to be the best Marine officer that one can be. In combat my goal was always to understand the objective, follow orders, accomplish the mission and to keep alive the men who served under me.

One of the few good things that has come from the last 7 months of worldwide notoriety has been the renewed contact that I have had with some of the finest people in the world, those with whom I served in Vietnam. Among the 50,000 or so messages of support that have arrived since I left the NSC are many from those who recount the horrors we lived through and who now relate stories of their families and careers.

After Vietnam I worked with my fellow officers to train good Marines to be ready in case we were called upon elsewhere in the world, but at the same time to hope that we never were. I honestly believe that any soldier who has ever been to a war truly hopes he will never see one again.

My Marine Corps career was untracked in 1981 when I was detailed to the National Security Council. I was uneasy at the beginning, but I came to believe that it was important work, and as years passed and responsibilities grew, I got further from that which I loved—the Marine Corps and Marines.

During 1984, '85 and '86, there were periods of times when we worked 2 days in every one. My guess is that the average workday lasted at least 14 hours. To respond to various crises, the need for such was frequent and we would often go without a night's sleep hoping to recoup the next night or thereafter.

If I had to estimate the number of meetings and discussions and phone calls over that 5 years, it would surely be in the tens of thousands. My only real regret is that I virtually abandoned my family for work during these years, and that work consisted of my first few years on the staff as a project officer for a highly classified and compartmented national security project which is not a part of this inquiry.

I worked hard on the political-military strategy for restoring and sustaining democracy in Central America, and particularly El Salvador. We sought to achieve the democratic outcome in Nicaragua that this administration still supports, which involved keeping the Contras together in both body and soul. We made efforts to open a new relationship with Iran and recover our hostages. We worked on the development of a concerted policy regarding terrorists and terrorism, and a capability for dealing in a concerted manner with that threat. We worked on various crises such as TWA-847, the capture of *Achille Lauro,* the rescue of American students in Grenada and restoration of democracy on that small island, and the U.S. raid on Libya in response to their terrorist attacks. And as some may be willing to admit, there were efforts made to work with the Congress on legislative programs.

There were many problems. I believed that we worked as hard as we could to solve them, and sometimes we succeeded and sometimes we failed. But at least we tried, and I want to tell you that I, for one, will never regret having tried.

I believe that this is a strange process that you are putting me and others through. Apparently the President has chosen not to assert his prerogatives, and you have been permitted to make the rules. You called before you the officials of the Executive Branch. You put them under oath for what must be collectively thousands of hours of testimony. You dissect that testimony to find inconsistencies and declare some to be truthful and others to be liars. You make the rulings as to what is proper and what is not proper. You put the testimony which you think is helpful to your goals up before the people and leave others out. It is sort of like a baseball game in which you are both the player and the umpire. It is a game in which you call the balls and strikes and where you determine who is out and who is safe. And in the end you determine the score and declare yourselves the winner.

From where I sit, it is not the fairest process. One thing is, I think, for certain, that you will not investigate yourselves in this matter. There is not much chance that you will conclude at the end of these hearings that the Boland Amendments and the frequent policy changes therefore were unwise, or that your restrictions should not have been imposed on the Executive Branch. You are not likely to conclude that the administration acted properly by trying to sustain the Freedom Fighters in Nicaragua, when they were abandoned, and you are not likely to conclude by commending the President of the United States, who tried valiantly to recover our citizens and achieve an opening for strategically vital Iran.

I would not be frank with you if I did not admit that the last several months have been very difficult for me and my family. It has been difficult to be in the front pages of every newspaper in the land day after day, to be the lead story on national television day after day, to be photographed thousands of times by bands of photographers who chase us around, since November, just because my name arose at the hearings.

It is difficult to be caught in the middle of the constitutional struggle between the executive and legislative branches over who will formulate and direct the foreign policy of this nation.

It is difficult to be vilified by people in and out of this body, some of who have proclaimed that I am guilty of criminal conduct even before they heard me. Others have said that I would not tell the truth when I came here to testify, and one member asked a person testifying before this body whether he would believe me under oath. I asked when I got here, if you don't believe me, why call me at all?

It has been difficult to see questions raised about my character and morality, my honesty, because only partial evidence was provided. And as I indicated yesterday, I think it was insensitive of this committee to place before the cameras my home address at a time when my family and I are under 24-hour armed guard by over a dozen Government agents of the Naval Investigative Service because of fear that terrorists will seek revenge for my official acts and carry out their announced intentions to kill me.

It is also difficult to comprehend that my work at the NSC, all of which was approved and carried out in the best interests of our country, has led to two massive parallel investigations staffed by over 200 people. It is mind-boggling to me that one of those investigations is criminal and that some here have attempted to criminalize policy differences between co-equal branches of Government and the executive's conduct of foreign affairs.

I believe it is inevitable that the Congress will in the end blame the Executive Branch, but I suggest to you that it is the Congress which must accept at least some of the blame in the Nicaraguan Freedom Fighters matter.

Plain and simple, the Congress is to blame because of the fickle, vacillating, unpredictable, "on again/off again" policy toward the Nicaraguan Democratic Resistance, the so-called Contras.

I do not believe that the support of the Nicaraguan Freedom Fighters can be treated as the passage of a budget. I suppose if the budget doesn't get passed on time again this year, there will be inevitably another extension of a month or two. But the Contras, the Nicaraguan Freedom Fighters are people, living, breathing—young men and women who have had to suffer a desperate struggle for liberty with sporadic and confusing support from the United States of America.

Armies need food and consistent help, they need a flow of money, of arms, clothing and medical supplies. The Congress of the United States allowed the Executive to encourage them, to do battle and then abandon them. The Congress of the United States left soldiers in the field unsupported and vulnerable to their Communist enemies.

When the Executive Branch did everything possible within the law to prevent them from being wiped out by Moscow's surrogates in Havana and Managua, you then had this investigation to blame the problem on the Executive Branch.

It does not make sense to me. In my opinion, these hearings have caused serious damage to our national interests. Our adversaries laugh at us and our friends recoil in horror.

I suppose it would be one thing if the Intelligence Committees wanted to hear all of this in private and thereafter pass laws which in the view of Congress make for better policies or better functioning of Government, but to hold them publicly for the whole world to see strikes me as very harmful. Not only does it embarrass our friends and allies with whom we have worked, many of whom have helped us in various programs, but it must also make them very wary of helping us again.

I believe that these hearings, perhaps unintentionally so, have revealed matters of great secrecy in the operation of our Government, and sources and methods of intelligence activities have clearly been revealed, to the detriment of our security.

As a result of rumor and speculation and innuendo, I have been accused of almost every crime imaginable. Wild rumors have abounded. Some media reports have suggested that I was guilty of espionage for the way I handled U.S. intelligence, some have said I was guilty of treason and suggested in front of my eleven-year-old daughter that I should be given the death penalty. Some said I stole $10 million, some said I was second only in power to the President of the United States, and others that I condoned drug trafficking to generate funds for the Contras, or that I personally ordered assassinations, or that I was conducting my own foreign policy. It has even been suggested that I was the personal confidant of the President of the United States.

These and many other stories are patently untrue. I don't mind telling you that I am angry at what some have attempted to do to me and my family.

I believe that these committee hearings will show that you have struck some blows, but I am going to walk from here with my head high and my shoulders straight because I am proud of what we accomplished. I am proud of the efforts that we made, and I am proud of the fight that we fought. I am proud of serving in the administration of a great President. I am not ashamed of anything in my professional or personal conduct.

As we go through this process, I ask that you continue to please keep an open mind. Please be open minded and able to admit that perhaps your preliminary conclusions about me were wrong, and please also do not mistake my attitude for lack of respect. I am in awe of this great institution, just as I am in awe of the Presidency. Both are equal branches of government with separate areas of responsibility under the Constitution that I have taken an oath to support and defend, and I have done so, as many of you have.

And although I do not agree with what you are doing or the way that it is being done, I do understand your interest in obtaining the facts, and I have taken an oath to tell the truth in helping you to do so.

In closing, Mr. Chairman, and I thank you for this opportunity, I would just simply like to thank the tens of thousands of Americans who have communicated their support, encouragement, and prayers for me and my family in this difficult time.

Thank you, sir.

[The prepared statement of Oliver North appears in appendix C.]

Chairman INOUYE. Thank you very much, Colonel North. I wish the record to show that the panel did not amend, delete or strike out any word or words or phrases from this opening statement. Furthermore, we did not put on testimony, words which we thought were helpful to our goals and leave the rest out. I am certain you will agree with me, Colonel, that every word you wanted to present to the people of the United States was presented. Isn't that correct, sir?

Mr. NORTH. Yes, Mr. Chairman, it was, and I was not referring to my testimony, but that which preceded me, sir, about me.

Chairman INOUYE. Secondly, you have suggested that these hearings have disclosed matters of great secrecy in the operation of our government and sources and methods of intelligence activities have clearly been revealed to the detriment of our national security. May I once again advise you that according to the Director of the National Security Agency, General Odom, not a single bit of classified material has been leaked by activities of this joint panel.

The questioning will be resumed by Mr. Van Cleve. Mr. Van Cleve.

Mr. VAN CLEVE. Thank you, Mr. Chairman.

Good morning, Colonel North.

Mr. NORTH. Good morning, counsel.

Mr. VAN CLEVE. Good morning, Mr. Sullivan.

Mr. **Sullivan**. Good morning, sir.

Mr. **Van Cleve**. Colonel North, in your opening statement, which you just gave, you testified that you graduated from the Naval Academy in 1968, is that correct?

Mr. **North**. Yes, I did.

Mr. **Van Cleve**. In 1969, did you serve on active combat duty in the Armed Forces of the United States in the Republic of Vietnam?

Mr. **North**. Sixty-nine, yes, correct.

Mr. **Van Cleve**. And is it the case that during your service there you were awarded a series of military citations, including two Purple Hearts, the Bronze Star and the Silver Star?

Mr. **North**. I was.

Mr. **Van Cleve**. And the Silver Star was awarded for "conspicuous gallantry and intrepidity" in battle; is that correct?

Mr. **North**. I believe that is the way the citation reads.

Mr. **Van Cleve**. Col. North, Robert McFarlane has suggested that your Vietnam experience, affected your view of the Contras and their situation in Nicaragua. Is Mr. McFarlane correct about that?

Mr. **North**. Counsel, I don't believe that anyone who served in Vietnam who saw what happened as a consequence of our efforts, when in my opinion we won all the battles and then lost the war, could ever be unaffected by that unless they were totally insensitive.

I would also point out we didn't lose the war in Vietnam, we lost the war right here in this city.

Mr. **Van Cleve**. Can you tell the committee, in your opinion, sir, what are the similarities between the war in Nicaragua and the war in Vietnam?

Mr. **North**. Well, the similarities are only in terms of what I would call the geostrategic similarities in that we had invested, rightly or wrongly, and I believe correctly, American credibility in support of democracy in South Vietnam, and the abandonment of South Vietnam in the latter days of 1974 and culminating in the disaster that followed shortly thereafter, created just exactly what people said it would, the so-called domino effect with the collapse of Vietnam, the butchery of Cambodia, the communization of Laos and a threat to that part of the world.

Aside from the devastation for tens of thousands of people, the deaths of hundreds of thousands, millions in Cambodia, the only other similarity comes when you invest that same kind of credibility of this Nation on the support of the democratic outcome in Central America, and then begin to walk away from it.

It is my belief that what I saw in Vietnam, where I saw the Army of South Vietnam and I saw the Vietnamese Marines, one of whom was my roommate as I went through basic school at Quantico, and who gave their lives for their country, the parallel is to see that in the campesinos, the young men and women of the Nicaraguan Resistance, is extraordinarily profound.

Yesterday, the Attorney General of the United States authorized 200,000 Nicaraguans to remain in this country as refugees from oppression. That is but a small fraction of the refugees who have already fled Nicaragua. If historical precedent is an example, when a Communist takeover occurs, between 10 and 25 percent of the population will flee that country and go to the next nearest democracy.

And if that happens throughout Central America, from the Rio Grande to the Panama Canal, you are talking about something in the vicinity of 10 million human beings. Already 10 percent of the population of Nicaragua has fled. And so, when I said yesterday that the Contra, the Nicaraguan Democratic Resistance, the young men and women who fight today in the fields of Nicaragua were not a product of Ollie North or Director Casey or even this government, they are a product, they were raised up as an army of opposition by the Sandinistas themselves.

And what I see is a very distinct parallel in terms of the way the rest of the world sees our commitment. I believe that that is the way the President saw it. What we have happening, not as a parallel experience to Vietnam where our commitment increases to the point where—the commitment of American ground forces—but the fact is we have made a commitment to a democratic outcome in Central America, and a majority of both Houses have consistently reported that that is what they want.

There have been differences as to how that should be achieved. But once we made the commitment to support the Democratic Resistance, we should have made that commitment a consistent one, and as soon as we begin to back away, the rest of the world looked at us and wondered if we had lost heart.

We cannot be seen, I believe, in the world today as walking away and leaving failure in our wake. We must be able to demonstrate, not only in Nicaragua, but in Afghanistan and Angola and elsewhere where Freedom Fighters have been told, we will support you, we must be able to continue to do so.

If we do not, we will be overwhelmed, ultimately we will be forced to commit American ground combat troops. This Nation cannot abide the communization of Central America. We cannot have Soviet bases on the mainland of this hemisphere.

And what I worked very hard to achieve was an outcome of democracy in Central America without the use of U.S. military force. There are certainly members of this body, and perhaps the rest of the Congress, who would feel that we should have used military force, American military force.

My effort, and I believe what the President has said on it, is that the worst outcome we could have would be the consolidation of a Communist client state in Nicaragua and the spread of communism throughout the region.

The second worst outcome would be to have to use American forces, Marines like me and the sons of perhaps many of the members of this committee. My son. And we ought not to have to do that. We will, if it comes to that, I am convinced. But there is an alternative, and the alternative is backing the Democratic Resistance in Nicaragua, a consistent program of support for democracy in El Salvador, Guatemala, Honduras, and Costa Rica.

Mr. **Van Cleve.** All right, sir.

I need to ask you the other side of the question. What, in your view, are the differences between the war in Vietnam and the war in Nicaragua?

Mr. NORTH. Ten thousand miles to start with. You are talking about a war that is 400-and-some-odd miles from our borders. You are talking about the efforts of the Soviet Union, not on the other side of the Pacific Ocean, but right here in this hemisphere.

Hours. I mean I have flown to Nicaragua in 4½ hours.

You are not talking about a day's trip like it used to be to go to Vietnam. We are talking about something right next door. That is the major difference.

Mr. VAN CLEVE. I think you have already said this, but I want the record to be clear on it.

Would you agree that the United States finally withdrew from Vietnam because the war effort lost the support of the American people? Isn't that correct, Colonel North?

Mr. NORTH. It did.

Mr. VAN CLEVE. Now as you have said in prior testimony, in October 1984, Congress adopted an amendment that is commonly referred to as the Boland Amendment, one of a series of amendments, but it is generally agreed that the October 1984 amendment was the most restrictive form of that amendment. And I give you the date of the amendment to sort of help you place things in time, because I want to ask you a series of questions about the Soviet military position and the Soviet investment in Nicaragua as of the time when the United States decided to cut off funds to the Resistance.

If you would please turn to exhibit 212, which I believe your counsel will find in what we refer to colloquially as the big books.

These are not the subject matter books, but the large exhibit books.

It is my earnest hope that you have been provided with a copy of exhibit 212.

Chairman INOUYE. Also may I interrupt at this point to advise all of you that we will have a series of votes in the United States Senate; the first at 9:30, the second at 10:00, and the third at 10:30.

This will account for the absence of Members of the Senate during this period.

Please proceed.

Mr. VAN CLEVE. Thank you, Mr. Chairman.

Colonel North, do you have a copy of exhibit 212 in front of you?

Mr. NORTH. I do.

Mr. VAN CLEVE. This exhibit, for the record, is an unclassified document. It is a Defense Intelligence Agency analysis and the title is "Nicaragua: The Military Buildup, July 1979 to 11 January 1985."

In short, it covers the period roughly from the time you began your service on the National Security Council, slightly prior to that, to the period about the same time when Congress decided to cut off the funds to the Resistance; is that correct?

Mr. NORTH. That is correct.

Mr. VAN CLEVE. If you would, Colonel North, I want to make sure that the committee is properly interpreting this particular chart so I would like to ask you some questions about it and make sure that I understand it correctly and that the committee has proper information.

I might say, by the way, just for your own reference, that this chart was used as a tab for a memorandum that you wrote at about this time, which appears in another exhibit that will be used, I think, in later examination.

That is exhibit 260, just again for your reference and that of your counsel.

Now, I take it what this chart shows, Colonel North, is the estimates made by the U.S. Government of the investments by the Soviet Union in Nicaraguan military forces; is that correct?

Mr. NORTH. That is correct.

Mr. VAN CLEVE. And is it correct that the investment is shown period by period so that the chart demonstrates what the investment is estimated to have been, say, for example, between the first of January 1981 and the first of January 1982, for example?

Mr. NORTH. Yes.

Mr. VAN CLEVE. And does the chart correctly show, if we turn to the column that says "millions of United States dollars per period," that the investment appears to have begun in the period just prior to the beginning of the Reagan administration, ending in January 1, 1981? And it is a small investment, actually, isn't it? Six million dollars?

Mr. NORTH. That is correct.

Mr. VAN CLEVE. And within 1 year, the investment grows to an additional $40 million; is that correct?

Mr. NORTH. That is correct.

I would also, just if I may, counsel, point out that our estimates about what was happening in Nicaragua as early as August of 1979 are at least—were by the assessment of Director Casey very poor.

He viewed the earlier indications, prior to the administration, to be somewhat inaccurate, not because of any flaw particularly, but because the CIA was not collecting—and this is, after all, an attempt to go back post hoc and examine what actually occurred perhaps in some cases several years earlier.

Director Casey made several times, I believe before the two Intelligence Committees, notice that our estimates of what was occurring in Nicaragua shortly after the revolution took power in July of 1979 all the way through the early days of the Reagan administration to be relatively poor.

He is not saying they are necessarily wrong, but we do not have a good grasp as to when that began, but it certainly began before the Reagan administration arrived in Washington.

Mr. VAN CLEVE. All right.

And does the chart further show that within one additional year, the level of investment, annual investment, had grown from $40 million to $90 million?

Mr. NORTH. Yes, it does.

Mr. VAN CLEVE. And the force level by that point had grown to 41,000, is that correct?

Mr. NORTH. Yes.

Mr. VAN CLEVE. And within an additional year, the investment had grown to $120 million, is that correct?

Mr. NORTH. That is right.

Mr. **Van Cleve**. And within one additional year, and this is by the first of January, 1985, the investment had grown to $250 million, is that correct?

Mr. **North**. Yes.

Mr. **Van Cleve**. Now I did some arithmetic. My arithmetic is that that represents a total of $506 million through that period. Would you agree with that?

Mr. **North**. I would. And I believe that is a conservative estimate; and it is military hardware alone. It does not talk about other kinds of investments.

Mr. **Van Cleve**. I understand. And I might add, that the chart shows again by that period the force had grown to 62,000 troops. Are you aware, Colonel North, of any intelligence available to the U.S. Government which would suggest that there is anything inaccurate about this publicly available, unclassified, Defense Intelligence Agency data?

Mr. **North**. I'm sure there are other indications, for example, that would show the force to be actually higher. My assessment of this is, and I think it was consistent with what others were saying at the time, is that that is a conservative estimate. For example, by 1985, there were probably more than 62,000 in the active force and in the reserves and militia. Given the limited capability for collection, there probably were by that point in time well over 62,000.

Mr. **Van Cleve**. I take it that this would represent the largest military force anywhere in Central America, is that correct?

Mr. **North**. It is not only the largest in Central America, it is the largest of all Central America combined.

Mr. **Van Cleve**. And I take it it also represents a force larger than that currently stationed by the United States in South Korea, is that correct?

Mr. **North**. That is correct. What it also does not show, counsel, is the number of Soviet, East German, North Korean, PLO, Libyan, and Cuban advisers, all of whom were there early on.

Mr. **Van Cleve**. To your knowledge, as of this time in early 1985, how would the level of support which the Soviets had provided in military assistance to Nicaragua compare to the level of support which the United States had given to the Contras before the Boland Amendment cutoff?

Mr. **North**. Well, it is about 50 to 1. I am looking at a parallel. I don't have the exact figures before me, but it was considerably more by a—several orders of magnitude.

Mr. **Van Cleve**. Now the committee heard testimony in late May from Adolfo Calero, and Mr. Calero testified, if I recall his testimony correctly, that it was his estimate that the Sandinistas had received about $2.5 billion from the Soviet Union in total assistance. Now this is probably both military and economic assistance, plus what had come from the Eastern bloc and from other Western countries, and he estimated that they had received more than 100,000 tons of materials, of lethal material, from the Soviet Union. And he further estimated that the Contras had probably received about five percent, or perhaps as much, he said, as 10 percent of that amount of material from their allies.

Does that seem to you to be accurate, an accurate assessment of the relative levels of support?

Mr. North. Yes, it does.

Mr. Van Cleve. So in terms of total assistance, if the Sandinistas have received what Mr. Calero says is $2.5 billion and what our own unclassified estimate shows is about $3 billion in assistance, we have given the Contras a small fraction of that level of support so far, is that correct?

Mr. North. A very small fraction.

Mr. Van Cleve. And that was the situation, or nearly at that level of investment, at the time of the Boland cutoff, is that correct?

Mr. North. Yes.

Mr. Van Cleve. What effect would the Boland cutoff then have had on the Contras if they had been left completely unassisted by private individuals in the United States?

Mr. North. Our assessment was that if there was not something done, beginning with the, first of all, cutoff of funds in '84 and then the proscriptions later on in the year, that within 6 to 10 months, the Nicaraguan Resistance would cease to be, that they would be annihilated in the field, and that the refugee flow, which is already considerable, would probably treble and that that would have a considerable effect on the neighboring democracies.

We knew at that point in time that the Command and Control Center, Logistics Support, and basic guidance was all for the Salvadoran Communist guerrillas—known as FMLN—would derive directly from Managua. Their broadcast facilities, their Command and Control Centers, were all in Managua.

And we were very concerned that the considerable investment we had made in assisting the Salvadorans and the restoration of democracy in that country, that the Honduran Democracy, which was fledgling at the ~~time and~~ beginning to grow, and that the democracy of long-term in Costa Rica would be placed under great threat. Even more important, counsel, is that those leaders in the region saw it the same way.

Mr. Van Cleve. What, in your view, was the purpose of the massive Soviet investment in Nicaragua?

Mr. North. Well, I think the Soviets have a neat way of doing it. I'm accused of dreaming up neat things. The Soviets obviously, from what they have said and every indication that we know of, are not willing to go to war over Nicaragua. And, in fact, they neatly side-stepped the issue and it is a very clever use of the dialectic. They don't come out and advocate until they are absolutely certain that the revolution is going to succeed as it did in Cuba. They don't come out and advocate a 100 percent commitment.

What they have done is they have provided a steady and consistent and increasing level of military and economic support to Nicaragua in hopes that their revolution will succeed.

And, of course, the quotes of the leadership of Nicaragua show them to be truly what they are. In fact, they aren't even Marxists; they are Leninists. They believe deeply in the vanguard of the party.

These are the words that Vladimir Ilich Lenin used in 1917 and in 1918 when he was taking charge of what was going on in the Soviet Union. These are the same words that Fidel Castro used. And yet they always are consistent, and when they approach us here in this country and people who think that they are agrarian reformers or that they are simply labor organizers or democrats, they are very, very careful to stay away from those terms when they are talking with us.

It is an extraordinary experience to see what is going on. The Soviets desperately want to achieve the consolidation of a Soviet client state on the mainland of this hemisphere. It will be disastrous for our foreign policy, ultimately it will be disastrous for our ability to respond to NATO, to keep open trade routes through the Caribbean, and could well result in using Punta Huete, the largest military airfield south of the Rio Grande, or the ports at El Bluff and Corinto for Soviet naval activities, something they have never had on this hemisphere since the last Russian colony on the west coast of the United States in the 1800s.

Mr. **VAN CLEVE**. So that—I believe you have answered the question but—so that it is clear, you are not telling us the Soviets are a group of disinterested philanthropists who are hoping that some fellow ideological groups can succeed. They are making a military investment, aren't they, Colonel?

Mr. **NORTH**. They are making a major military investment and an economic investment. The Soviets are outspending us in our own hemisphere about 5 to 1 in dollars alone. They have more military advisers in this hemisphere than we do, south of the Rio Grande.

Mr. **VAN CLEVE**. Just very briefly, at some point the Soviet Union decided to allow the Nicaraguans, the Sandinistas, to use the Hind-D helicopter, and in effect they were allowed to import a series of those helicopters.

Roughly when did that occur?

Mr. **NORTH**. I am not sure that the use of "allowed"— the Soviets had every intention of bringing the Hind over there. The Soviets delivered the weapon system once we had indicated that we were failing in our effort to keep the Resistance going, and made an effort to use it—starting, I believe, in late 1984 or early '85, the first deliveries.

They achieved significant operational experience with it in Afghanistan, knew it to be a very effective counter-insurgency weapon, were using it for that purpose in Afghanistan, had used it the same way in Angola, effectively flown by Cuban pilots. Soviet technicians delivered and assembled and test-flew the airplanes. Nicaraguan and Cuban pilots are flying them.

It is the most devastating attack helicopter in the world today, and I am not trying to impugn any of our defense contractors, but if we can get the model, we ought to build it.

Mr. **VAN CLEVE**. I take it it is clear from that, then, that the Soviets are willing to make available to the Sandinistas whatever type of military technology they need to win?

Mr. **NORTH**. To win——

Mr. **VAN CLEVE**. They have, in fact, done so?

Mr. **NORTH**. I believe that the Soviets—and I think the Intelligence Committees and other committees have heard in open testimony—that it is—at least was when I left the administration in November, it was our assessment that the Soviets were willing to give them anything necessary to win short of provoking an American military response, and thus the Soviets appear to be reluctant to give them MIG aircraft.

The Soviets have not done that. The MIG would be an extraordinary change in the balance of power in that part of the world.

Today the only really effective deterrent to the Sandinista military machine in Central America is a now-effective field army in El Salvador and the Air Force in Honduras.

And, were the Soviets to bring the MIG in, they have been told several times directly that that was a provocation that was beyond the bounds and that we would respond. They were told that directly by officials well above my pay grade. And I think the Soviets have recognized that would be one step too far.

They have walked to the edge and they have backed their allies in Managua to the hilt, but they are not willing to provoke us into a military response.

Mr. **Van Cleve**. I would like you now, if you would, to turn to exhibit 213.

This is a document for identification for the record commonly referred to as the San Jose Declaration. It was prepared in early March, 1985, and it is my understanding, Colonel North, that you were there when this document was written; is that correct?

Mr. **North**. Counsel, I don't want to take anything from the leaders of the Nicaraguan Resistance. They are the drafters of this document. I was blessed to be with them and work on this, and with them in the course of time that this was being prepared and several other Americans assisted them. But this is their product, and I consider it an honor to have been invited to participate in assisting them. But it is their document.

Mr. **Van Cleve**. The reason I asked whether you were present is that I'm going to ask you some questions about the political background of the document, and I thought that you would then be in a position to answer those questions.

I take it the San Jose Declaration was a political unity document written by the Contra leaders; is that correct?

Mr. **North**. That is correct.

Mr. **Van Cleve**. And it was written by people who were very uncomfortable with each other; is that correct?

Mr. **North**. In any democracy, I think the great blessing of democracy is that there are always people who will be in contention, and one of the great things about this unity effort is there are people with differing views who are represented in this unity, and I don't think it is so much that they were personally uncomfortable with one another. They all recognized that they were in unity on one issue, and that was in opposing the Communists in Managua who had seized control of their country and that brought them together, even though one might have one view of how the economy should work, and another one ought to have another view of how big the military ought to be. They all wanted one outcome, and that was democracy in their country, and so they had differing views, but I don't want to characterize it that they were at each other's throats when I wasn't in the room.

Mr. **Van Cleve**. I had something a little more specific in mind, Colonel North. It is my understanding that some of the leaders who participated in drafting this document served in the Sandinista leadership and had actually participated in confiscating the property of some of the other Contra leaders with whom they were sitting in the same room drafting this document; is that correct?

Mr. NORTH. That is correct.

Mr. VAN CLEVE. So it is a pretty remarkable thing, isn't it, that they were able to sit down and draft a unity document together? Isn't it?

Mr. NORTH. It is indeed.

Mr. VAN CLEVE. And this document was intended as a peace offer to the Sandinista government; is that correct?

Mr. NORTH. That is correct, and it was tendered as such.

Mr. VAN CLEVE. What the Resistance leadership did was to agree to a political program that they would tender to the Sandinistas as a peace offer; is that correct?

Mr. NORTH. Exactly.

Mr. VAN CLEVE. Let's take a look at this declaration and see what kind of offer the Contra leadership made to the Sandinista government.

This is in March, 1985, now, about 3½ or 4 months, I guess, after the Boland Amendment was passed?

Mr. NORTH. That is correct.

Mr. VAN CLEVE. If you look at the first page of the document, down toward the bottom, I guess it would be the second full paragraph before the end of the first page, it starts: "In conclusion, the national crisis we face did not grow out of a confrontation between imperialism and the revolution as the Sandinista front pretends, but out of the contradictions which emerged from the clash between democratic expectations of the Nicaraguan people and the imposition of a totalitarian system such as that which is being implanted in our country by the Sandinista Front."

Now what I want to ask you, Colonel North, is, is that what the Contra leadership honestly believed to be the case? Was that their view of what was happening in Nicaragua at that time?

Mr. NORTH. Absolutely.

Mr. VAN CLEVE. OK. Now turning to the next page of the document, there is a section called "Common Aspirations." The document then lists a series of items that are part of the peace proposal that describe the political program of the Contra leadership for the people of Nicaragua, and I note, if you look down toward the bottom of the page, the first element, A, is—it says, "In order to carry out the foregoing, the following is required: And it starts; " To recognize the primacy of civilian society with respect to the state."

Now, that is basically the principle on which this country is founded, isn't it?

Mr. NORTH. Yes, it is. Individual liberty.

Mr. VAN CLEVE. And the Contra leadership believed that as well and that's what they wanted for Nicaragua; correct?

Mr. NORTH. That is indeed.

Mr. VAN CLEVE. And the second principle: "Full respect for human rights and fundamental freedoms of expression, assembly, religion and education."

Mr. NORTH. All of which are denied in Managua today.

Mr. **Van Cleve**. And that is what the Contra leadership actually wanted for the people of Nicaragua; is that correct?

Mr. **North**. It is.

Mr. **Van Cleve**. I notice that Point G is freedom to organize—this is on the next page, Colonel North—freedom to organize unions. I take it that that is something that is also denied in Nicaragua today; is that correct?

Mr. **North**. You can be in a union in Nicaragua today: The state-controlled, state-operated, state-managed, state-directed union, unions.

Mr. **Van Cleve**. But you can't be in a union that is like an American union, can you?

Mr. **North**. Oh, no. But you can't in any Communist society.

Mr. **Van Cleve**. So, is it fair to say, Colonel North, that the San Jose Declaration was an honest and complete statement of the political program of the Contra leadership as it was presented to the Nicaraguan people at that time?

Mr. **North**. Yes. And just like our own Declaration of Independence and our own Constitution, which we celebrate the bicentennial year of this year, it was hammered out in compromise and with differing views by men who all sought a common purpose.

And I think that is important. They have been mischaracterized in many cases by a very effective propaganda apparatus of the Soviets, and the Cubans, and the Nicaraguans. In some cases supported by Americans, an American public relations firm which works for the Sandinista government.

And the fact is that was hammered out the same way as the founders of our own Constitution did in a hot, sweaty room with differing opinions, and it was something to be part of this, and I mean that—I get a little emotional about it, perhaps, more so than perhaps some thought I should have.

But when the President of the United States referred to the similarities between the Nicaraguan Resistance and our own Founding Fathers, he meant that. He knew what this document represented, and it means a lot. And it was truly an effort to arrive at an amicable conclusion to a bloody war inside that country, and it was a war of liberation and it still is a war of liberation, and these men made those kinds of compromises just like the men who gathered in Philadelphia did 200 years ago, and that is, after all, the essence of democracy.

Mr. **Van Cleve**. Would you turn to exhibit 214, please? I need to ask you about this document, Colonel North, because it was published by the Government of Nicaragua shortly after the San Jose Declaration.

For the record, this is an opinion piece written by the Nicaraguan Ambassador to the United States, Carlos Tunnerman Bernheim, and was published in the *Washington Post* on March 30, 1985, and it is entitled "We Will Never Negotiate With the Contras."

I need to ask you about some of the statements made in this editorial, because they purport to be factual statements by the Ambassador, and I want to find out how accurate they are.

If you would look first at the first paragraph, the first numbered paragraph in this editorial, Ambassador Bernheim says, when he is explaining why "we will never negotiate with the Contras," which apparently is the stated position of the Nicaraguan Government, he says, number one, "the Contras are led by officers of the hated Guardia Nacionale, the main prop of the Somoza dictatorship that brutalized the Nicaraguan people for more than 40 years until our Sandinista revolution threw them out in July 1979."

Now is that an accurate statement or not, Colonel North?

Mr. NORTH. No. But I don't think we should expect accuracy in media from the folks in Managua.

Mr. VAN CLEVE. I want to give them the benefit of the doubt, Colonel North. I just asked you whether or not you thought it was an accurate statement?

Mr. NORTH. No, I do not believe it to be accurate.

Mr. VAN CLEVE. Would you say specifically why not?

Mr. NORTH. Because much of the leadership of the Nicaraguan Resistance, even in the largest of the groups opposing the Sandinistas, are composed of former Sandinistas themselves. Two of the three principal members, the leadership of the United Nicaraguan Opposition, which came from the San Jose Declaration, two of the three of them were former Sandinistas themselves.

So, the fact is that the leadership of the Nicaraguan Resistance are comprised of real Nicaraguans, not members of the Somoza Guard. There are, indeed, members of the former National Guard who are a part of the Nicaraguan Resistance, and they are Nicaraguans, too.

I do not define those people as the brutal precursors of a return of "Somozismo", as the Sandinistas put it.

Mr. VAN CLEVE. Turning to paragraph number two, and this is a particularly, I think, important statement by the Ambassador. He says, "The Contras are terrorists whose attacks are directed primarily against our civilian population."

Now, is that true or not, Colonel North, based on your experience?

Mr. NORTH. No, it is not. And major efforts were made certainly when I was involved in, as I have admitted to the committee, in discussing military activities with them. Efforts were made with—when the CIA was engaged with them. And I am sure they are being made now to focus on those kinds of targets which are principally military and principally those things that will avoid civilian casualties.

There is a very real reason for that. No guerrilla army can ever survive if it alienates the civilian population.

The Nicaraguan Resistance grew from about 6,000 to over 16,000 during the period of time in which I was their principal point of contact, and the reason it grew is because it enamored the Nicaraguan people of a solution to the problem of communism.

In other words, the Resistance couldn't and wouldn't have survived had it done the kinds of things that Ambassador Tunnermann has described here.

Mr. VAN CLEVE. Turning to numbered paragraph 3, and I think probably this is the last relatively specific allegation or statement by the Ambassador, the Ambassador says "The Contras are not an indigenous rebel group, but a collection of mercenaries recruited, paid, armed and directed by the CIA, and they would cease to exist without U.S. support."

Is that correct or not?

Mr. NORTH. That is absolutely incorrect.

The Contras, the Nicaraguan Democratic Resistance, the Freedom Fighters are indeed Nicaraguan.

In fact, there are far fewer foreign, that is American or other Western, democratic advisers with the Nicaraguan Resistance than there ever were with the Sandinistas themselves.

The Sandinistas came to power with the direct support of Cuba and the Soviet Union. The Sandinistas could not have arrived in Managua without that support. They would not have arrived there without it. And they could not sustain themselves there without continuing it today.

Mr. VAN CLEVE. I would like now to turn to another line of questioning.

Before I do, let me just very briefly summarize your testimony at this point and see if I have it accurately.

You have testified that during the period from 1979 through the beginning of 1985, the Soviet military and economic investment in Nicaragua outstripped by a factor of at least five to one any investment made by the United States in supporting the Contras.

You further testified as to the outlines of the political program of the Contra leadership based on your personal knowledge and conversations with that leadership, and you have finally testified about the nature of the Contra forces and their activities in trying to support their opposition to the Sandinista regime; is that correct?

Mr. NORTH. Yes.

Mr. VAN CLEVE. I would like now to turn to the Boland Amendment itself, Colonel North. And obviously this is one of the key issues before the committee.

You testified yesterday about it to a certain extent and I know that you are not a lawyer and you probably feel fortunate about that, and I think I can probably understand why.

Mr. NORTH. I have developed a fond rapport for lawyers, certain of them.

Mr. VAN CLEVE. I make that statement, Colonel North, because I want to preface my questions with a clear understanding that I am not going to ask you for your legal opinion. I am going to ask you for your understanding about things at the time as they were.

Now, yesterday you testified that you believed that you and the people you had worked with in the Government had made every effort to comply with the Boland Amendment; is that correct?

Mr. NORTH. I believe we did.

Mr. VAN CLEVE. What I want to do is I want to find out as best I can, and again at about the same period of time, say early to mid-1985, exactly what it was you thought that you personally as a member of the NSC staff were prohibited from doing by the Boland Amendment.

As I have reviewed your testimony yesterday, and it is not entirely clear to me—so you knew that there were restrictions being imposed on the Government by the Boland Amendment, but what was your understanding of the restrictions that applied to your activity as a member of the NSC staff?

Mr. **North**. My understanding was that, first of all, we were to work to comply with Boland and that we were to work to keep alive the Nicaraguan Resistance.

Second, I did not view, nor did my superiors view that the National Security Council staff was covered by Boland.

There were people who were concerned about that, and we sought and obtained legal advice to the effect that it was not; not the least of those was Director Casey.

Mr. **Van Cleve**. Did you ever get any kind of written legal opinion from Director Casey on that point?

Mr. **North**. I don't recall. I—we may have. I, and if I did, it would have been left in my files, I suppose.

Mr. **Van Cleve**. Can you tell the committee whether you ever obtained any other written legal advice on that specific question of the coverage of the Boland Amendment for the NSC?

Mr. **North**. There was a legal opinion provided by counsel to the Intelligence Oversight Board.

Mr. **Van Cleve**. Any other opinions? Either way, either taking the position that the NSC was covered, or taking the position that it was not covered that you can recall?

Mr. **North**. Certainly, we had many newspaper articles at the time, that no U.S. Government support whatsoever of any kind et cetera, could be provided. There were lots of so-called legal scholars who provided that kind of advice to the media.

I had discussions with, I am trying to remember—excuse me.

[Witness conferring with counsel.]

Mr. **North**. I had discussions with Mr. John Norton Moore of the American Bar Association on a number of occasions.

Mr. **Van Cleve**. About this subject?

Mr. **North**. Yes. He clearly did not view this to be—first, he did not view Boland to be constitutional within the framework of the Constitution. Second of all, he did not think it applied to the NSC. And there were several other lawyers who felt the same way.

The bottom line of it is we looked at that as saying that, very clearly the CIA could not use its appropriated moneys for this, and we couldn't use DOD moneys for these purposes, but very clearly, Boland did not proscribe the National Security Council from being the point of contact, the coordinator, whatever.

Mr. **Van Cleve**. Yesterday, you were asked about exhibit 109, Colonel North, which is a letter from Robert McFarlane to Congressman Michael Barnes, dated September 12, 1985. I hope that your counsel has the exhibit before him at the witness table.

Mr. **North**. Which book?

Mr. **Van Cleve**. I think probably in the large set of exhibit books.

Mr. **Sullivan**. What is the number, counsel?

Mr. **Van Cleve**. One-hundred and nine.

Mr. **North**. Yes.

Mr. **Van Cleve**. Would it be fair to say that Mr. McFarlane's letter appears at a minimum to accept the view that NSC expenditures must comply with the Boland Amendment?

Mr. North. It appears to, yes. My understanding of that at the time was we were talking about taking a hunk of the NSC budget and going out to buy guns with it. Obviously, we weren't going to do that.

Mr. Van Cleve. Did you discuss that specific question of NSC coverage with Mr. McFarlane at the time the letter was being drafted?

Mr. North. I honestly don't recall. I admitted yesterday that this is a misleading, evasive and——

Mr. Van Cleve. I am sorry. That is not where I am headed at present. I just wanted to know whether or not you and Mr. McFarlane had in fact discussed this question at the time.

Mr. North. Well, at the time of the letter, I don't believe we did. But almost well over a year before, when I became engaged as the point of contact, if you will, for the Resistance, we had looked at where we were heading.

We would already have seen drafts of various pieces of legislation coming down, and looked at the fact the NSC was not proscribed by those statutes or resolutions.

Mr. Van Cleve. And again, to your knowledge, Colonel North, the Boland Amendment is not a criminal statute, is it?

Mr. North. Certainly not.

Mr. Van Cleve. The reason I ask you that question is that it is not a statute—it is a statute that is intended to control the relations between the Executive Branch and Congress where the spending of taxpayer funds is concerned; is that right?

Mr. North. I understood Boland to be an appropriations measure; in other words, here is moneys and here is what you can and cannot do with those moneys.

Mr. Van Cleve. Right. Now, you said in your opening statement words to the effect that the NSC itself is the direct personal arm of the President, in advising the President, coordinating and thereby directing the execution of the foreign policy of the United States; is that correct?

Mr. North. That is correct.

Mr. Van Cleve. So, your actions with respect to the Contras represented the direct implementation of the policy of the President on these sensitive foreign policy issues; correct?

Mr. North. Yes.

Mr. Van Cleve. Now, if you were directly carrying out the foreign policy of the President in working with the Contras, it would be necessary to show that Congress intended to interfere with the President's carrying out of his foreign policy before it could be shown that you were violating the Boland Amendment, wouldn't it?

Mr. North. Yes.

Mr. Van Cleve. And it is clear, isn't it, that when Congress wants to control the President's conduct in a statute like this, especially in foreign policy, it usually says so explicitly?

Mr. North. Yes.

Mr. Van Cleve. In fact, since the NSC was created in 1947, no significant change in its operations has been made by Congress without explicit mention of the NSC, has it?

Mr. North. That is correct.

Mr. Van Cleve. And it is also clear, isn't it, that if Congress told the President he could not ask foreign countries or private individuals for financial or other official assistance for the Contras, there would be serious doubt about whether Congress had exceeded its constitutional power, correct?

Mr. North. You are asking for my opinion, I think there is no doubt. If the Congress had passed such a measure, it would clearly, in my opinion, be unconstitutional.

Mr. Van Cleve. And you are basing that at least in part on your conversation with John Norton Moore of the University of Virginia Law School?

Mr. North. And others. Marines can read. I am just telling you that we went to some lengths to look at these things.

Mr. Van Cleve. The Boland Amendment wasn't intended to prevent the transfer of basic intelligence information to the Contras, was it?

Mr. North. No.

Mr. Van Cleve. And this was in fact by far the principal form of assistance rendered to the Contras by U.S. Government officials at your request during this period, wasn't it, the transfer of basic intelligence information?

Mr. North. Yes. And we are talking specifically of the two principal government officials, three perhaps, with whom I was in touch. That was, to my knowledge, the only real substance of what they did.

Mr. Van Cleve. I understand. And as part of your job, you were expected to know in detail exactly what the Contras were doing, both politically and militarily, weren't you?

Mr. North. I tried to, yes.

Mr. Van Cleve. There is nothing in the Boland Amendment that was intended to prohibit that, is there?

Mr. North. No.

Mr. Van Cleve. The Boland Amendment can also be read to allow general strategic military advice as opposed to advice on specific operations and tactics, can't it?

Mr. North. Yes.

Mr. Van Cleve. And the military advice that you gave was in fact limited to that type of general strategic advice, wasn't it?

Mr. North. Yes. I want to clarify one thing, and I think I owe at least Chairman Hamilton, because I did appear before your committee, and I did mislead your committee, but I want to reiterate again that I never did sit down in the battlefield and sit and plan a specific tactical operation with them, that I did provide as much as I was able and as oft as I was able the kind of broader strategic advice I thought was appropriate to the circumstances.

On a number of occasions I addressed issues that I thought were important to them that they could not or should not attack certain types of targets because it would indeed have the effect of alienating the population. And to my knowledge, they made efforts to abide by that kind of advice, were certainly not given as direction or specific "you must do this," but to simply say "here is what needs to be done, here is how the training ought to be done."

We even published a first draft of a code of conduct for the forces while they were down there during the period of time that the

Boland proscriptions obtained. And although I did mislead your committee when I appeared before it, I want to reiterate at least that part of it, that that was done in good faith, and the whole effort to open a Southern Front was done with that same kind of good-faith effort to the Resistance.

Mr. VAN CLEVE. The Boland Amendment, as far as you know, is not intended to control the conduct of private citizens, is it?

Mr. NORTH. There is nothing in any of the Boland proscriptions, to my knowledge, that refers to them.

Mr. VAN CLEVE. So it doesn't prevent private citizens from raising money or contributing money to the Contras, does it?

Mr. NORTH. Nor do I believe it could.

Mr. VAN CLEVE. Now do I understand correctly that you gave a number of speeches to people who were interested in the problem in Nicaragua; is that correct?

Mr. NORTH. Yes. And I would point out, counsel, that I not only gave that to proponents, I also gave that same speech to opponents.

Mr. VAN CLEVE. Do I understand correctly that at least at one point you developed a slide show that went with that presentation?

Mr. NORTH. I did.

Mr. VAN CLEVE. And, to your knowledge, does the slide show—let me step back here.

If the committee wanted to find out what in substance you were telling these groups of people who were for or against the President's Contra policy, one good way of doing that would be to look at that slide show, wouldn't it?

Mr. NORTH. I would welcome the opportunity to at least show the first of the two punches that I have been accused of delivering.

Mr. VAN CLEVE. And to your knowledge, Colonel, where are those slides today?

Mr. NORTH. My knowledge is that they were left behind in my office, and Lord only knows where they are now.

Mr. VAN CLEVE. I see, but for all you know, they may still be there?

Mr. NORTH. They could be.

Mr. VAN CLEVE. And if the committees wanted to obtain them, they would simply have to make a request for that?

Mr. NORTH. Counsel advises me that they are still there.

Mr. VAN CLEVE. Again, so if the committees wanted to obtain them—they are unclassified—and we would simply have to ask for them?

Mr. NORTH. Yes. There are several slides in the presentation which were declassified, reconnaissance aircraft photographs, some of which have already been published in various publications put out by the State and Defense Department. But they are all unclassified, yes.

Chairman INOUYE. May I interrupt at this point so there will be no misunderstanding.

When the committee submitted the request for documents, we requested everything. We did not exclude anything. If those slides were in the possession of the Executive Branch, they had to give it to us. So I don't want the impression to be left that this panel excluded certain documents and accepted only those that we needed or wanted, and I'm certain counsel is well aware of this.

Mr. Van Cleve. Mr. Chairman, may I just say for the record, that of course I did not intend to suggest otherwise. I believe the slides may have been recently located. It is obviously a matter of inadvertence.

I simply wanted to confirm for the record that the slides were in fact available.

Chairman Inouye. Mr. Liman.

Mr. Liman. Mr. Chairman, I do not believe it was a matter of inadvertence. I think the record is clear that, because Colonel North chose to invoke his fifth amendment privilege, we did not have information either from Colonel North or his counsel until recently, and his counsel brought to our attention that these slides existed last week, and as a result of that information that he brought to our attention, we were able to locate them. But we and the NSC and the FBI and all the other agencies that have been going through documents have been doing it without the guidance of the author.

Mr. Sullivan. Just so the record is straight here, Mr. Chairman, if I might, we understand that those slides have been available at the White House since Colonel North left there, and they have been sitting over there and they're presently in the possession, I believe, of White House counsel staff.

When it came time for Colonel North to be given the documents that the committee had, we requested that he be given his slides. The committee stated that it did not have the slides. We made a half a dozen insistent requests to the committee. We said they must exist, go and find them. And in fact, out of that process, they were found. They exist over there at the White House.

If you made a request for everything at the White House and it has been pending for some months, then they were there and they weren't given. I suspect it's just inadvertence and no one is to blame for the problem, and I certainly hope that the assertion of one's constitutional right to remain silent cannot be grounds for fault, Mr. Liman.

Chairman Inouye. I just didn't want the record to show that we had excluded those slides and intentionally not requested that.

If I may through this means, I am now officially requesting the White House to forthwith send those slides to the joint panel.

Mr. Sullivan. I might add, Mr. Chairman, that we made the same insistent request with respect to tape recordings, and I think that as a result of our request to the committee, the committee has gone back to the White House and has found tape recordings made by Colonel North during——

Chairman Inouye. Mr. Sullivan, you are correct.

Mr. Sullivan. Thank you, sir.

Mr. Van Cleve. Mr. Chairman, may I proceed?

Chairman Inouye. Please do.

Mr. Van Cleve. Thank you, Mr. Chairman.

Colonel North, you are familiar with the Neutrality Act, aren't you?

Mr. North. I hope you aren't going to ask me to quote it. But, yes, I know what it pertains to.

Mr. Van Cleve. Basically, and I am paraphrasing, obviously, the Neutrality Act prohibits the organization of military expeditions from the United States against other countries with whom we are at peace, correct?

Mr. NORTH. Correct.

Mr. VAN CLEVE. And you and General Secord—let me ask you is this your testimony, that you and General Secord scrupulously tried to comply with the Neutrality Act in setting up and running the Contra resupply operation?

Mr. NORTH. Absolutely.

Mr. VAN CLEVE. Did you ever request, direct or otherwise participate in the shipment of arms from the United States to Central America as part of the covert Contra resupply operation?

Mr. NORTH. Never.

Mr. VAN CLEVE. I take it then that any report in a publication such as the recent report in the *Washingtonian* magazine suggesting that there were, in fact, arms shipments from Dulles Airport under false manifest is, to your knowledge, untrue?

Mr. NORTH. I have not read the *Washingtonian* report and I don't read most of the news about myself, but I will tell you absolutely, categorically, there was never a single bullet, rifle, any piece of ordnance that I know of, that was shipped from the United States of America as a part of the covert operation that I was coordinating or managing or directing.

I will tell you also that when I was alerted by one of our people working on this project that there was to be a shipment from a U.S. airfield—not a military field but a civilian field—I alerted the Customs Department and I alerted the FBI to it.

We scrupulously avoided breaking any U.S. law. We made every effort to comply not only with Boland, but with the Arms Export Control Act and what I thought were sanctions against solicitation. We made every effort to comply with the law.

Mr. VAN CLEVE. Colonel North, I don't want to ask you to repeat your testimony of yesterday afternoon, but I believe that you did admit that correspondence with Congress that you drafted together with Robert McFarlane in 1985 and 1986 was misleading.

Mr. NORTH. It was indeed.

Mr. VAN CLEVE. You have also admitted that you altered some of the documents in which you most clearly described your role and Mr. McFarlane's role in assisting the Contras; is that correct?

Mr. NORTH. I did.

Mr. VAN CLEVE. I take it you intended to mislead the Congress?

Mr. NORTH. I did.

Mr. VAN CLEVE. If you weren't violating the Boland Amendment, why was it necessary?

Mr. NORTH. I want to, first of all, say that I am not justifying that either. I happen to have very high regard for Chairman Hamilton, and any of the things that I have said about leaks from the Congress, I did not mean to impugn Congressman Hamilton or Senator Inouye.

What I was concerned about—and I think my superiors were concerned about—is the fact that we had lives at risk, we had a program at great risk. I do not believe that there ought to be circumstances in which people like myself have to make judgments over lives or lies.

And, as I advocated back in June a year ago, I think that we need to have some kind of process by which the Executive can, in and of itself, discreetly prepare to talk to discreet members of Congress about what should be done.

We, after all, have to go to the Congress to get appropriated funds. If we are to conduct covert operations as they are currently specified in the National Security Act and Hughes-Ryan and by Executive Order 12333, we have to come to the Congress to get those moneys.

What I am suggesting, gentlemen, is that the process has not worked. It has been indiscreet at both ends of Pennsylvania Avenue, and I am not justifying what I did except to say to you that if I had divulged what I was doing, if Mr. McFarlane had divulged what I was doing, many, many lives were at stake.

Mr. VAN CLEVE. I would like to move on now to questions concerning the Iran initiative, and I would like to begin by asking you some questions about terrorism and the Government's actions toward terrorism as background for your involvement in the Iran initiative itself.

Colonel North, can you define "terrorism" for us?

Mr. NORTH. We went through a great effort in the Vice President's Task Force to come up with a definition of terrorism. I have been described as a terrorist by people outside this country. It was written up that way in Izvestia, I believe. Terrorism is in itself acts of violence or threats of violence perpetrated in such a way as to cause some kind of political outcome absent what one would consider to be an act of a declaration of war.

Most often those are acts of hostage taking or of brutality designed to influence the political process in a particular country. We see acts of terrorism, like the kidnapping of President Duarte's daughter, designed to influence his policies toward the FMLN Communist guerrillas. You see acts of brutality in Europe at the Rome and Vienna airport perpetrated by Abu Nidal, the one who has threatened to kill me, designed to intimidate American tourists from traveling to Europe and even affect the economic situation and the willingness of Americans to feel that they can travel anywhere as they should.

We have been blessed in this country that we have not seen the kind of terrorism that has been so rampant in the Middle East and in Europe. We have been blessed because, for whatever reason, even in the days of the late 1960s and early 1970s, when there was great political dissension in this country, Americans, by their very nature, thank God, don't believe in those kinds of activities. And so even though there were groups of people who would have liked to have done more than they did, they were brought to justice and turned in most often by plain old Americans who would pick up the phone and call the police or the FBI.

We also have, I think, need to be concerned about the future in terrorism. We have to this point not had our school houses captured by terrorists, as they have in the Netherlands, or trains stopped on the tracks or blown up or our power stations disabled like they are in El Salvador.

One of the trends that people ought to look at is the fact there were more terrorist acts against Americans in this hemisphere in the last few years than there were in the Mideast, a dramatic change in trend. It is coming closer to home, and we need to be wary of that. We need to be concerned that if we don't find a way to address the terrorist threat at arm's distance, we will be dealing with it when it is right in our face.

Mr. VAN CLEVE. Would it be fair to say that terrorism uses means which we would usually define as criminal to achieve military or political ends? And these means would include murder, kidnapping, theft and deception, is that correct?

Mr. NORTH. Exactly.

Mr. VAN CLEVE. What has been the general policy of the United States toward terrorism while you served on the NSC staff?

Mr. NORTH. Well, our general policy was to assist others in dealing with the problem and to take active steps to neutralize terrorists where they were, to prevent the terrorist act if you could and to respond to a terrorist act if it had already occurred.

Mr. VAN CLEVE. Have U.S. Government resources been increased or redirected to combat terrorism during your tenure on the NSC?

Mr. NORTH. Yes.

Mr. VAN CLEVE. If so, how?

Mr. NORTH. Yes, there has been a significant increase in funding for, first of all, protective measures against terrorism, and, second of all, to enable us to respond more effectively to a terrorist act once it's started. And, basically, that's what you are left with when you get all done with it. If you can't convince those who sponsor terrorism to desist from their support, then you are left in either protecting yourself close in or in reaching out to prevent and deter the act or respond to it when it's happened. And we have devoted considerably more resources to that end during the Reagan administration than before, and with good reason I believe.

Mr. VAN CLEVE. Now, I want to ask you about two specific terrorist incidents, and I want to do that for the specific purpose of providing the committee with some background about developments prior to the beginning of the Iran Initiative in roughly the middle of 1985. So what I would like to ask you to do is to briefly describe these circumstances for the committee, and then I am going to have some very specific questions for you about some of these events. Could you briefly describe for the committee, please, the TWA-847 hijacking and take the committee through the hijacking, how it was handled by the government, and whatever cooperation our government sought from other governments during that hijacking.

Mr. NORTH. Mr. Van Cleve, I want to do that in such a way that we don't injure sensitivities elsewhere, but very briefly, when the TWA aircraft was hijacked, we immediately took steps to improve the security situation at the point where the aircraft was actually hijacked, that country's airports. We immediately took steps to see if we could in some way rescue the hostages, perhaps stop the aircraft at one of the points where it flitted back and forth across the Middle East.

By the time the aircraft landed in Beirut, we had run basically out of options in between. We took a number of diplomatic initiatives with other countries, with the Government of Lebanon, and with those that we thought had influence over the captors.

I would like to point out that the Shiah fundamentalist terrorists who perpetrated that act are but a small portion of those kinds of people around the rest of the world, and I am not talking just about the Middle East, but I am talking about places like the Philippines and Indonesia and the Far East where Shiah fundamentalists appeared to have a certain allegiance, if not philosophically, then politically, with the Iranian Government.

We took steps secretly, diplomatically, to see if there was something that could be done to achieve leverage with the captors. And it was a protracted ordeal. We did not get the cooperation that we had hoped for from various Middle Eastern leaders, and ultimately the solution was found in dealing with one of them who acted to achieve the release of all but a handful.

Right at the very end of it, when there was only a small number of Americans still held separately, we intervened with another power, asked them to intervene with a senior Iranian official; they did so; and the hostages were all released.

We were never able to gain direct access to the captors themselves. I think one of the things that is unfortunate is that we have somehow articulated a policy of no negotiations with terrorists. I never wrote a single directive for the President's signature or a single memorandum for coordination within our government that had those words in it.

We do not make concessions to terrorists, but we will talk to anybody, anywhere, any time, any place, on any issue; and that is very important that it be articulated that way, and I don't think we should ever get ourselves in a position where we say we won't talk to you.

There isn't a police force in this country; the FBI itself trains what they call hostage negotiators. We have experts at that at the Central Intelligence Agency, and one of them who I knew well flitted all over the globe every time we had one of these circumstances occur in trying to establish a contact and a dialogue and, yes, a negotiation without making concessions; and that is important.

We should be willing to talk to anybody. We cannot have Americans blown off airplanes or blown up in airports just because somebody thinks we won't talk. We do have a policy of no concessions and we ought to, but we ought to be willing to talk.

Mr. VAN CLEVE. You have confirmed part of the information that I had intended to try to elicit and I am particularly interested in your comments with respect to the participation of the Iranian Government.

And is it fair to say that they were, in fact, significantly involved in resolving the TWA-847 hijacking?

Mr. NORTH. Yes.

Mr. VAN CLEVE. And is it also correct, as has been reported, that during that hijacking, the United States and Israel reached a new level of—what I guess I would describe as cooperation in the mechanics of the hijacking? Is that a fair statement?

Mr. NORTH. Yes.

Mr. VAN CLEVE. And is it fair to say that there was consideration given during that hijacking to joint, either military or covert operations for the first time?

Mr. North. Counsel, I am uncertain as to how much further we should go on this issue.

Mr. Van Cleve. Colonel North, I am just looking for a yes or no answer.

Mr. North. Yes.

Mr. Van Cleve. Thank you.

That hijacking started on June 14, 1985, and as the committee will know, that is approximately the same period of time during which the U.S. Government and Israeli officials began to discuss the Iran initiative itself; is that a fair statement?

Mr. North. It is within that time frame.

Mr. Van Cleve. The second operation that I wanted to ask you about in some detail, Colonel North, was the seajacking of the *Achille Lauro,* which began as I understand it on the 7th of October 1985, when, shortly before 9:00 in the morning, a group of Palestinians burst into the ship dining room and began firing at the passengers in order to take over the ship.

Is that correct?

Mr. North. That is correct.

Mr. Van Cleve. And could you take the narrative from there and just briefly describe the circumstances, again focusing on the diplomatic efforts that were made to deal with the situation and whatever steps our government took to resolve the matter?

Mr. North. Well, again, without divulging classified information, the terrorists shortly thereafter murdered Mr. Leon Klinghoffer, an American citizen. We became aware through intelligence that the ship was headed for a port.

We importuned the Government of that country not to let the ship in.

[Disturbance in the room.]

Chairman **Inouye.** The committee will stand in recess. The committee will stand in recess for 10 minutes.

[Recess.]

Chairman **Inouye.** The hearing will please come to order.

I wish to advise the audience that this panel will not tolerate demonstrations. Before proceeding, I wish the record to be clear that the committees do not believe that the White House or the National Security Council withheld any tapes or slides called for by our request.

In fact, I understand that the White House did not have the tapes until a few days ago, and immediately provided access to us and Colonel North.

Further, as soon as the counsel for the colonel brought the slides to our attention, we brought them to the attention of the National Security Council. The slides were later located by the White House, and we were called and notified of its location and access was immediately made.

And in response to my request of this morning, the White House was called and agreed to provide temporary custody of the slides to the committee. Our staff will work out the details, and I wish to officially thank the National Security Council for its prompt response and cooperation.

Furthermore, on May the 5th, 1987, at the opening session of these hearings, I said the following, and I believe this represents the official understanding of the members of the panel:

"Let it be clear that our concern in this inquiry is not with the merits of any particular policy, but with flawed policy-making processes. Our hearings are neither pro-Contra nor anti-Contra."

I would hope that in our questioning and in our responses, we will keep that in mind.

Mr. Van Cleve?

Mr. **Van Cleve**. Thank you, Mr. Chairman.

Colonel North, I believe that when the committee recessed, you had begun to describe the circumstances surrounding the sea-jacking of the *Achille Lauro*. Would you please proceed?

Mr. **North**. As I recall, we had indication that the ship was to pull into a certain port. We, through a series of diplomatic overtures, importuned that country not to allow the ship to be received into port, and it did not. It then proceeded on to Egypt.

When the ship pulled into port, the initial indications were that the terrorists were allowed to immediately depart. We, however, had intelligence to the contrary and our Special Purpose Forces in the region, initially headed home, were then returned to Sigonella as we found the aircraft with the terrorists aboard headed from Egypt to Libya. The aircraft was intercepted by the United States Navy principally because we had some very, very real-time intelligence. We knew the aircraft flight number, the path it was on, the tail number, and practically everything that was in it.

I would like to acknowledge that this could not have happened without Admiral Poindexter's very, very quick response, the assistance of Admiral Art Moreau, who at the time was the Special Assistant to the chairman of the Joint Chiefs of Staff, or the very real courage of our special purpose unit that was on the ground just moments before the aircraft landed in Italy. And in particular, the leader of that group, Major General Steiner, who heroically, without firing a shot, apprehended the terrorists.

They were turned over to Italian authorities, and all but one of them is jailed there now. The leader of the group, Abul Abbas was allowed to leave the country. We made efforts to prevent that from happening. Nonetheless, he did escape and we still seek him for the murder of an American citizen.

Mr. **Van Cleve**. I have a couple of specific questions for you, Colonel North, about the manner in which the Government responded to that sea-jacking.

The first question is, did there come a time when the Government relied on the assistance provided by another government in order to make sure that it could execute the tracking and force down of the plane carrying the hijackers?

Mr. **North**. Yes, it did. We could not have done this operation without the very, very real, direct, and immediate assistance of the Government of Israel.

Mr. **Van Cleve**. And is it also the case, Colonel North, that after the incident was essentially concluded, a member of the Senate Intelligence Committee inadvertently revealed to the press and to the public sensitive intelligence information in his possession?

Mr. **North**. That is true.

Mr. Van Cleve. And was that damaging to our security?

Mr. North. It was.

Mr. Van Cleve. Now I want to turn, Colonel North, to the Iran initiative itself and I would like to begin with some questions about the diversion of funds.

I am advised that I am still too close to the mike. I want to make sure that you can hear me but I seem to have a problem with the TV technicians.

As described in exhibit 1, the mechanism used for the creation of the diversion of funds to the Contras, or the residual, as you termed it, was that arms would be sold to Richard Secord and then Richard Secord would sell them in turn to Iran; is that correct?

Mr. North. That is correct.

Mr. Van Cleve. Why was Richard Secord used as a middleman for these transactions?

Mr. North. Well, we tried to establish a mirror image of what the Israelis had done in their earlier transactions, first of all.

Second of all, we were trying to provide a plausibly deniable link directly back to the U.S. Government; and it was accepted that he could provide that kind of deniability. The effort was made, in other words, that the hand of the Government of the United States was not showing in this action.

You are talking about in the transaction itself or are you talking about in the use of the residuals?

Mr. Van Cleve. In the transaction itself.

Mr. North. That is why he was put in that position.

Mr. Van Cleve. Is it your testimony that no other individual could have fulfilled that role?

Mr. North. Not at all. I mean there is—if you wanted a plausibly deniable link, we could have used any number of people who are outside the U.S. Government. The fact is, he had been brought into this thing in November when I had basically sought him out for assistance in the Israeli HAWK transfer. And since he was already there, the decision was made to leave him in it because he was now aware of something that was going on that was very, very sensitive. There was no point in broadening it further than we had to.

Mr. Van Cleve. Now, General Secord basically provided transportation services to the United States; is that correct?

Mr. North. In which role?

Mr. Van Cleve. In his role as a middleman for the Iran arms transaction?

Mr. North. Yes.

Mr. Van Cleve. Wouldn't the commercially reasonable thing for the U.S. Government to do have been to pay General Secord a fee for his transportation and leave it at that?

Mr. North. I'm not——

Mr. Van Cleve. Put it to you another way, Colonel North, isn't that what the Government would normally do when it wanted to move material from point A to point B, hire a mover, pay the mover's fee, and leave it at that? Why wasn't that done here?

Mr. North. Well, this whole thing was being conducted with someone else's moneys. There was no U.S. Government money involved in this activity. In fact, the U.S. Government made money in this transaction.

Mr. Van Cleve. OK. Now you testified yesterday that when you met—and I think this may have been for the first time—with Manucher Ghorbanifar in Europe, you expressed strong reservations to him about proceeding with the type of transaction that we have just described and you told the committee why you had those reservations, and you further told us that Ghorbanifar offered to make it worth your while to forget about those reservations; is that correct?

Mr. North. That is correct. I want to correct one thing. I did not wish to leave the impression that was the first time I had met Mr. Ghorbanifar. I had met him on at least one other occasion when he was here in the United States.

Mr. Van Cleve. OK. I appreciate the correction.

My question is, weren't you in a situation where you were trading off the achievement of the goals of the Iran arms initiative for the achievement of your goals for the support of the Contras in accepting his offer to make it worth your while?

Mr. North. I'm not sure I understand the question, counsel. When you say "trading off" one for the other, my sense was we were able to accomplish both. In other words, when the suggestion was made, and I described it yesterday as what I considered to be a good idea, that we not only were going to achieve the strategic breakthrough with Iran, possibly end the Iran-Iraq war, get our hostages back, but we could also at that—in that same instance find a way to support the Nicaraguan Resistance.

So, I did not see it as one or the other; that we would be able to do all of it.

Mr. Van Cleve. What financial risks did General Secord take in these transactions?

Mr. North. You would have to ask General Secord specifically, but there obviously was a risk that you could lose someone else's aircraft since we were using borrowed uninsured airplanes.

There was always a requirement that we had to insure every aircraft that—what I call self-insure, what Langley refers to as self-insurance. The expectation that if the aircraft is lost, it belongs to someone else, it has to be paid for, that is just one example. It was obvious that—death gratuities to pilots who were Americans, even though the aircraft belonged to other countries, the pilots were always American.

Mr. Van Cleve. What would have happened if the weapons themselves had been lost in transit? Whose problem was that?

Mr. North. Well, it was certainly, let us say, under the very worst of circumstances, the aircraft went down with everything aboard, and there were no survivors.

It would have been the commercial entity which had actually done the charter work, which was one of General Secord's private commercial activities, which would have had to defray all of those expenses.

Mr. Van Cleve. Including the value of the weapons, is that your testimony?

Mr. NORTH. Yes. Because furthermore, the weapons had already been paid for—to the United States. Before we ever took possession or before General Secord ever took possession of a single part or TOW, the Government was paid for those items.

Mr. VAN CLEVE. What other financial entrepreneurial risks did General Secord bear in these transactions, if any?

Mr. NORTH. Well, when we say these transactions, as I described yesterday, I initially involved General Secord only in the Nicaraguan Resistance and then I asked him to further involve himself——

Mr. VAN CLEVE. I can be more precise, Col. North. I am happy to be more precise. I mean specifically the Iran arms sales that occurred in February, May and October 1986. What other types of financial entrepreneurial risks did General Secord bear in those transactions, if any?

Mr. NORTH. Well, the companies that had been established, some of them had to be opened and closed or put back on the shelf. All of that cost money. We ended up buying a ship for the purpose of supporting this activity, and several others. There were costs to be borne by, as I understood it, in dealing with the Iranians themselves.

That there were people who were accepting moneys, and ask for—I heard one of them ask specifically to Ghorbanifar that an account be established for him, an Iranian Government official, and I know that those arrangements were being made for others.

Mr. VAN CLEVE. Are we talking about substantial amounts of money?

Mr. NORTH. I do not know the amounts. I believed them to be substantial.

Mr. VAN CLEVE. Any other risks that General Secord bore, financial entrepreneurial risks in these transactions?

Mr. NORTH. Off the top of my head, I can't think of any right now.

Mr. VAN CLEVE. Now in response to questions that Mr. Nields asked you yesterday, you described an extensive process of legal review that the U.S. Government undertook between November 17, 1985 and January 17, 1986 in order to properly structure the Iran arms sales transactions; is that correct?

Mr. NORTH. I am not tracking completely, counsel. Are you talking about between November 17th——

Mr. VAN CLEVE. November 17, 1985 and January 17, 1986. You described a process, and this is simply a predicate for the next question. But you described a process in which there were extensive consultations between yourself, the Department of Defense, the CIA, in an effort to make sure that the future sales in fact complied with the law.

Mr. NORTH. That is indeed correct.

Mr. VAN CLEVE. Did it ever occur to you at the time that anyone might later suggest that since the weapons were United States weapons, the proceeds of the sales were United States funds?

Mr. NORTH. Never.

Mr. VAN CLEVE. Never occurred to anyone involved in the planning of these transactions that that might be a problem?

Mr. NORTH. No. And in fact, the specific indication I had, counsel, was that the Government of the United States would charge what it thought it was owed for those weapons, and somehow, there may be a perception that I somehow influenced the price downward.

That is not the case. Every effort was made to determine what the proper price should be, and when we discuss things this evening, we can talk about the status of some of those weapons of what would have become of them otherwise, at least as I was told.

And it was not an issue of replacement value that was ever raised with me. That was never an issue. I was always told that here is the current cost or current value of those weapons, that was passed to the Central Intelligence Agency, who in turn passed it to me. I passed it to General Secord, and that amount was transferred through whosoever account, whether it be Israeli, as I first thought it was, or Ghorbanifar, but eventually to General Secord and then to the CIA and then to the Pentagon.

So, no one ever raised with me the suggestion that there was any more money due the U.S. Government.

Mr. VAN CLEVE. Can you tell the committee whether or not you ever informed any of the people in the Departments or agencies with whom you were dealing that, in fact, somebody would be collecting a whole lot more money for these weapons than the U.S. Government was going to get during that same period of time?

Mr. NORTH. Director Casey knew well. And I believe that anyone else who was in receipt of the intelligence at that point in time knew well. Admiral Poindexter knew well. I mean they all knew that there were moneys, the DOD charged $500 for something that was eventually being sold to the Iranians for $1,000 or whatever. That there was a delta between the costs paid to the U.S. Government and the cost put into the fund which was eventually being used to support a whole range of covert operations.

Mr. VAN CLEVE. Did anyone else other than the officials of the Central Intelligence Agency have that same information, to your knowledge?

Did the Department of Defense, for example, have that information?

Mr. NORTH. I do not know the distribution of that intelligence, and I am speaking specifically of the intelligence that you advised me on the other day. But there was a distribution outside just me and the CIA, I believe.

Mr. VAN CLEVE. But my question was: Did you ever tell an official of any other agency?

Mr. NORTH. I did not. I did not that I recall.

Mr. VAN CLEVE. OK. And I take it, though, that your testimony is that the Central Intelligence Agency never suggested to you that there might be a question about the ownership of any excess over what they were due?

Mr. NORTH. Never. Well, I want to qualify that a little bit. Director Casey, in October of 1986, raised with me the thought that had been given to him by Mr. Furmark that someone else was owed, and it was undetermined at that point who even owed that someone else.

Several names were mentioned, among them Mr. Khashoggi, a man whom I never met. Contrary to press reports, I have never seen the man nor do I think he has seen me. Nonetheless, it was suggested at that point in time that someone may have owed Mr. Khashoggi and others money. It was never suggested the money was owed to the government.

Mr. VAN CLEVE. And to be specific about it, during the period November 17, 1985 to January 17, 1986, it is your testimony that subject was never brought up?

Mr. NORTH. That is correct, to my recollection at least.

Mr. VAN CLEVE. I am going to try now to ask you a series of relatively specific questions about the Iran initiative, and I am going to try to do it pretty much in chronological order.

The chronological order may not be entirely perfect, but I want to sort of walk you through some of these issues roughly in chronological order.

As you, I think, have testified by now, the first channel relied on for the Iran initiative relied on the use of Manucher Ghorbanifar as an intermediary; is that correct?

Mr. NORTH. Mr. Van Cleve, you are referring to at the point of time I got involved in it?

Mr. VAN CLEVE. Correct, and for some time thereafter.

Mr. NORTH. Yes.

Mr. VAN CLEVE. OK. Were you aware as of the middle or end of 1985 that Ghorbanifar was a known liar who was the subject of a burn notice, what is known in the trade as a burn notice, but what is actually a fabricator notice issued to the entire U.S. Government by the Central Intelligence Agency?

Mr. NORTH. Yes.

Mr. VAN CLEVE. You did know that?

Mr. NORTH. We—and throughout, Mr. Van Cleve, I knew, and so did the rest of us who were dealing with him, exactly what Mr. Ghorbanifar was. I knew him to be a liar. I knew him to be a cheat, and I knew him to be a man making enormous sums of money. He was widely suspected to be, within the people I dealt with at the Central Intelligence Agency, an agent of the Israeli Government, or at least one of, if not more, of their security services.

That is important in understanding why we continued to deal with him. We knew what the man was, but it was difficult to get other people involved in these kinds of activities. I mean, one can't go to Mother Teresa and ask her to go to Tehran. And I am not being light about this, but you have to deal with who you have got at the time. And the good fairy wasn't there, and I know there is a lot of folks that think we shouldn't have dealt with this guy, but at the bottom we got two Americans out that way and we started down a track that I think we could have succeeded on. As bad as he was, he at least got it started there.

Mr. VAN CLEVE. I appreciate the answer. You got a little ahead of where I wanted to go. You also knew, did you, that Ghorbanifar had failed a lie detector test given to him by the CIA on all counts?

Mr. NORTH. Yes.

Mr. VAN CLEVE. On all counts?

Mr. NORTH. Yes. On all counts to include his name, as I remember.

Mr. VAN CLEVE. Understand. I guess my question is: Were you relying on the judgment of the Israelis in deciding to deal with Ghorbanifar and those he represented?

Mr. NORTH. Yes.

Mr. VAN CLEVE. Were you in that position because the Israelis had intelligence sources in Iran and the United States did not?

Mr. NORTH. I think perhaps——

Mr. VAN CLEVE. Without getting into detail here, is that the position our government was in at that point, roughly speaking?

Mr. NORTH. Yes.

Mr. VAN CLEVE. Isn't it a fact that at least since the time of the Shah in late 1979, the U.S. has had very poor quality human intelligence in Iran? Again, I am looking for what I think should be a yes or no answer.

Mr. NORTH. Yes.

Mr. VAN CLEVE. In retrospect, didn't this lack of intelligence adversely affect your ability to conduct this entire operation?

Mr. NORTH. Yes. And it was one of the principal objectives of the whole thing.

Mr. VAN CLEVE. Colonel North, there has been testimony before the committee that the interests of the United States and those of Israel, in connection with Iran and specifically in connection with this initiative, were not completely identical. Is that a correct statement?

Mr. NORTH. I do not believe that they were necessarily completely identical, but I think there was at least a congruence of objectives that was sufficient to justify us proceeding. There is no doubt that the ultimate Israeli objectives in the Iran-Iraq War may not be the same as ours. Our objective, at least as far as I was able to articulate it to my superiors and as far as I understood my guidance in carrying out the dialogue that I pursued with the Iranians, was that we sought an end to that war.

It may well be that the Israeli, the Israeli Government would like to see the war go on, and I am not saying that's necessarily what their policy is, there are certainly people in this country who felt that that was their objective. I believed that there was sufficient congruence between Israeli objectives and American objectives that made this project worthwhile principally because we both saw the need to get to some faction within the Iranian Government that would lead to a more moderate, more pro-Western government in Iran, if not immediately, then over time.

That is important for two reasons. If there is absolute chaos in Iran, when the Ayatollah Khomeini departs this vale of tears, then we can have great expectations that the Soviets will take advantage of that situation. Second, Iranian-sponsored fundamentalist Shiah terrorism is something that this world desperately needs to be concerned about.

A few minutes before we had the interruption, I mentioned the fact that the Ayatollah's picture is not just up in Tehran or in the streets and back alleys of Beirut, his picture is up in the Philippines and in Indonesia and in the Far East. This is a very serious long-term problem. And if we can get to a relationship with the

Iranian Government wherein Americans need not feel threatened, not just Americans, but others as well, by Islamic fundamentalist terrorism, because we have a relationship with that theocracy that guides the country, then we will be far better off, and those were part of the broader strategic objectives in this whole initiative, and I believe that the Israelis and the Americans have a congruence of objective in that purpose.

Mr. **Van Cleve**. Are there any other respects in which the interests of the United States and Israel differ with respect to the Iran Initiative other than what you have just testified to, to your knowledge?

Mr. **North**. Well, clearly there were certainly people, and I don't pretend to be able to speak nor do I wish to speak for the Israeli Government or their foreign policy, but there are clearly people in Israel who had objectives, for example, that were financial in dealing with the Iranians, and may well have had objectives in dealing with the neighboring governments that were not in consonance with us. Nonetheless, there was a basic fundamental agreement between the United States and Israel on certain objectives.

Mr. **Van Cleve**. How were these difference of interest taken into account by the U.S. Government in conducting this operation?

Mr. **North**. Well, I think I—to the extent that I was aware of them, I think I apprised my superiors of what those issues were, and on a number of occasions we sat down with representatives of the Israeli Government, not just myself, but my superiors, both Admiral Poindexter and Bud McFarlane, and explained them to them, said, "Look, you may have this view, but we have that view, and if we can agree on something in the middle, we'll proceed."

But it wasn't simply a matter that we ignored them.

Mr. **Van Cleve**. But isn't your previous testimony pretty much to the effect that we were relying on the Israelis themselves as a principal source of our information about what was, in fact, going on?

Mr. **North**. Yes. And that is one of the reasons why we sought so hard to establish direct contact with the Iranian Government, U.S. direct contact.

Mr. **Van Cleve**. That was going to be my next question. I take it that a significant part of the reason for a move to a second channel was our concern about the accuracy of information we had, in fact, received from the first channel?

Mr. **North**. Again, I happen to have developed over the course of the time that I was engaged in this, certainly from early January, 1986 through the time I was reassigned, a very close relationship with a man that I have a great deal of respect for, and that is Mr. Amiram Nir, who according to today's paper has been fired because of my testimony. If that is the case, I sadly regret it. He is a brave man who served his country well, and I believe tried to help us in carrying out our policies well. It was not that I had any distrust for Mr. Nir or the information that he gave me.

Mr. Nir, if you can consider this, that the assessment of the Director of Central Intelligence was that the trip to Tehran was potentially a suicide mission, and an Israeli, not an American, but an Israeli Government official had the intestinal fortitude to go on that trip, that, gentlemen, is to me an indication of bravery. And I think the world of that young man, and if he has been fired because of my testimony, I regret it.

There may have been differences of view between Mr. Nir and myself, and I articulated them to him and his superiors when I met with them. I articulated them to my own superiors. My own superiors met with him also, and his superiors. I think that there was a sufficient understanding that he knew we needed to have our own sources of intelligence that couldn't be totally dependent upon Israel, and as close an ally as they have been, and we could not have done *Achille Lauro* without him and the relationship that existed between he and I, and a number of other people, and I feel strongly about that. But, were it not for the relationship that he and I had, there might have been even greater misunderstandings.

But I don't think the Government of Israel has any reluctance to understand that we needed to have our own sources inside Iran, too. And I don't think they object to that. I hope not.

Mr. VAN CLEVE. I appreciate your testimony, and just so the record is clear, I take it that you are agreeing that part of the reason, a significant part of the reason for a move to a second channel was our concern about our lack of intelligence information?

Mr. NORTH. Precisely. And I believe you will find that in the records that I sent forward to my superiors.

Mr. VAN CLEVE. I want to move a little bit in time from mid-1985 to that same period of time that we were talking about a few minutes ago, and that is the period from November 1985 to January 1986. I have some questions about your prior testimony with respect to the participation of Attorney General Meese in the planning that surrounded the January 17, 1986 Finding.

On Tuesday you testified that you believed that Attorney General Meese became aware of a November 1985 HAWK shipment shortly after it occurred; is that correct?

Mr. NORTH. No, I don't think that is correct.

Mr. VAN CLEVE. Would you please—then I may have misunderstood, and I want the record to be very clear on this.

When do you think that Attorney General Meese found out about the November 1985 HAWK shipment?

Mr. NORTH. It was my understanding at the time that Attorney General Meese became aware of the 1985 transactions at about the time we were preparing the first Covert Action Finding.

Mr. VAN CLEVE. Can you be as specific as possible, please?

Mr. NORTH. That Finding was sent forward by Director Casey after being worked on by the general counsel at CIA and myself on or about the 26th of November 1985. My understanding was that that Finding was either—had been or was then coordinated with the Attorney General's office, and that we found a—one, clearance for a rationale of ratification and that, number two, we covered the issue of whether or not this was an appropriate way to handle the transaction.

And the reason—again this may all be an assumption, because I did not talk to the Attorney General about this issue at that time.

Mr. VAN CLEVE. From whom did you obtain your understanding about the Attorney General's participation in the preparation of that Finding?

Mr. NORTH. Well—and it may all be hearsay and it may just be imagination—but every other Finding that I worked on, and there were several, on this and other issues, I coordinated with the Attorney General. It was a routine thing to coordinate with the Attorney General.

Number two, I understood that the determination that we could indeed proceed in this direction selling through a Finding, selling arms through a Finding, had been obtained from the Attorney General, because he had it in his files from his predecessor; and, number three, that the ratification kind of language had been approved by the Attorney General. And thus I was not surprised therefore to see the Finding signed later on.

What I'm saying is I do not have specific knowledge of what the Attorney General knew in November. I do have specific knowledge of what the Attorney General knew in January, because I personally coordinated the second Finding with he and Mr. Jensen.

Mr. VAN CLEVE. Before we get to the question of what the Attorney General knew in January, is it your testimony that you do not have any specific information at all about what the Attorney General, in fact, knew in November 1985 or between there and January, about that November HAWK shipment?

Mr. NORTH. That is exactly correct, and that is what I thought I said when I testified the last time.

Mr. VAN CLEVE. You may have, sir, and I simply wanted the record to be as clear as possible on that point.

Mr. NORTH. Please make that very clear. I did not discuss this with the Attorney General until January.

Mr. VAN CLEVE. Or with anyone else who told you, I take it, that the Attorney General in fact knew about the November Finding; is that correct?

Mr. NORTH. Well, again—and I'm not trying to pass the buck at all, Mr. Van Cleve—I had—I had come to an understanding that the Finding, which had two or three critical elements in it, had indeed, because it was signed by the President, been cleared by the Attorney General. It was an established procedure.

We had the former Attorney General's opinion that you could sell, and the ratification language.

Mr. VAN CLEVE. But are you telling this committee, sir, that some individual told you the Attorney General reviewed this Finding, for example?

Mr. NORTH. No.

Mr. VAN CLEVE. Now I think I understand your testimony, sir.

Mr. NORTH. I'm not sure I understand that last answer. But I—no one specifically told me, Ollie, the Attorney General of the United States has vetted off on this thing and said it is approved. No one did.

Mr. VAN CLEVE. In January 1986 you say that you personally coordinated that Finding with the Attorney General and Lowell Jensen, correct?

Mr. NORTH. That is correct.

Mr. VAN CLEVE. And did you at that time tell the Attorney General about any of the prior arms shipments?

Mr. NORTH. Counsel, I have made an effort to try and remember exactly how that meeting went, and I have gone through the records I gave to you, and I do not find any reference to the fact that in the discussion with the Attorney General that I specifically went over and said, oh, by the way, here is what happened in September, here is what happened in November, and we're proceeding on from here with this new Finding. I do not recall that conversation.

I do know that I met with he and I'm—99 percent sure it was Mr. Jensen who was also in the office—and we went over the 1986 Finding. I may have gone back over to him when we made a minor modification to it after that, although I don't seem to have an entry on that.

I do not recall addressing the earlier shipments with him specifically.

Mr. **Van Cleve**. Would there have been any reason, sir, for you to have discussed the previous shipments with him if what you were doing was seeking clearance for future shipments?

Mr. **North**. Not specifically. But I do not recall myself being in a situation where I was trying to hide anything. So it would not be inconsistent to discuss what had transpired and what was going to transpire, all under the provisions of the Covert Action Findings.

Mr. **Van Cleve**. But you don't recall any such discussions?

Mr. **North**. I do not.

Mr. **Van Cleve**. Colonel North, when you say that you coordinated the other Covert Action Findings with the Attorney General or his staff—is that correct?

Mr. **North**. When I say the other—I can recall——

Mr. **Van Cleve**. I didn't mean "the other" in the sense that—to be all-inclusive. What I mean is there were other Findings you worked on?

Mr. **North**. Yes.

Mr. **Van Cleve**. And you have testified that you did coordinate them; is that correct?

Mr. **North**. Yes.

Mr. **Van Cleve**. Are you aware of any requirement that that kind of coordination be done or was that simply a matter of customary practice within the administration?

Mr. **North**. It was only required because my boss said take that thing over and coordinate it with the Attorney General.

There may be a written requirement that I'm not aware of.

Mr. **Van Cleve**. OK.

If I recall your testimony correctly, you also testified that you believed the November 1985 Finding was intended to cover the prior, August-September Israeli shipment as well as the November HAWK shipment.

Mr. **North**. Absolutely.

Mr. **Van Cleve**. What is your basis for that testimony?

Mr. **North**. Well, I mean, I was by then looking for a way to replenish the Israeli TOWs that had been shipped in September or August-September. I mean, that was one of my principal "running around town trying to solve a problem" modes, and that was indeed the problem that—one of the problems that I was trying to address.

So that Finding was designed to be able to, one, cover the fact that the CIA had indeed helped with the November shipment and was involved, is going to have to be involved in getting them back, we knew that by then and had indeed been—the Government of the United States had been a party to the September shipment.

Mr. VAN CLEVE. Now, Judge Sporkin was the principal drafter of that November Finding, wasn't he?

Mr. NORTH. As I recall, yes.

Mr. VAN CLEVE. Did you have a chance to review any of his testimony before the committee?

Mr. NORTH. I cannot say that I have, no.

Mr. VAN CLEVE. I see. I believe——

Mr. NORTH. I have been provided with a summary of it.

Mr. VAN CLEVE. I believe that it's accurate to say that Judge Sporkin testified that in drafting the November 1985 Finding, he was not told about the prior August-September shipment of weapons.

Are you aware of that, sir?

Mr. NORTH. I'm not aware of that in his testimony, no.

Mr. VAN CLEVE. Did you, in dealing with Judge Sporkin on this Finding, ever tell him about the prior shipment?

Mr. NORTH. Would you repeat the question, counsel?

Mr. VAN CLEVE. Let me break it up into parts so that it's as clear as possible.

Did you ever discuss the November 1985 Finding with Judge Sporkin at that time?

Mr. NORTH. Oh, yes.

Mr. VAN CLEVE. And did you ever tell Judge Sporkin that there had, in fact, been an August-September shipment of Israeli TOWs?

Mr. NORTH. I do not recall a specific discussion. It was widely known within the CIA. I mean, we were tracking that sensitive intelligence. I mean, I—I honestly don't recall, Mr. Van Cleve.

I mean it didn't seem to me at the time that it's something that I was trying to hide from anybody. I was not engaged in it. And one of the purposes that I thought we had that Finding for was to go back and ratify that earlier action and to get on with replenishing, and that was one—what I understood one of the purposes of that draft Finding to be.

Mr. VAN CLEVE. Did you communicate your desire to have that purpose included in the Finding to Judge Sporkin?

Mr. NORTH. I honestly don't recall, but I clearly saw that the Finding fulfilled that purpose. At least, that is how I read it.

Again, I am not trying to say that—if Judge Sporkin says I didn't talk to him about it, I am not—I don't want to argue with that. I can't imagine that I would have tried to conceal it from him.

I mean by then certainly the Director knew about it. Many other people at the CIA knew about it because they were the ones who helped set up the intelligence collection on it.

Mr. VAN CLEVE. I would like to turn to the subject of weapons replenishment.

One of the issues of concern to the committee, Colonel North, is how the arms sales transactions were actually carried out.

In particular, your testimony on Monday indicated that there was substantial uncertainty about the terms on which the replenishment of the Israeli weapons was to occur; is that correct?

Mr. NORTH. Yes. It was presented to me one way by the Israelis and then when I went back to not even knowing that this problem existed in November, managed to get Mr. McFarlane, who was in the process of getting ready to leave the NSC, his explanation was not consistent with what the Israelis told me they understood from at least his commitment to them.

To this day, I don't know—I was not part of that dialogue, but it was very clear to me that the Israelis expected a replenishment.

Initially, they expected that it would be free, at least that is how it was communicated to me. And when I told them that that was out of the question, it was Mr. Nir who I think had the ingenious idea of using residuals to pay for it.

Mr. VAN CLEVE. Is it a fact that during the November 1985 to late January 1986 period, extensive consideration was given to upgrading Israeli weapons stocks by providing the Israelis with newer or better weapons than the ones they had shipped to Iran?

Mr. NORTH. There was some discussion of that. The bottom line of that—I mean—what you need to understand is, there were proposals for everything in the world, not just from the Iranians, but from all kinds of people, many of which were impractical or unworkable or impossible. And what we had finally arrived at is that we would try to—and I think we did—replenish the Israelis with weapons that were identical to the ones that they had shipped; and second of all, of the same era of manufacture and I think there was a safety feature added to the new ones that we didn't even charge for. Maybe the ones that they had shipped had the safety feature too, I don't recall. But the bottom line was we agreed, the Israelis and us, that we would replenish them with items similar and as identical as possible to the ones that they had shipped.

Mr. VAN CLEVE. So I take it your testimony is that, in fact, we never did replenish by providing the Israelis with newer and better weapons than the ones they had shipped?

Mr. NORTH. We did not.

In fact, the first time we tried the replenishment, we ended up, even though I had asked for newer weapons than the ones that we were sending to the Iranians, they sent older weapons to the Israelis for whatever reason. And we went back through a—and we had to take them back out of the Israeli stocks and send them on and finally got, I think it was in May or October, the proper dates to replace the Israeli weapons. And as a soldier, I understand that.

And I understand why the Israeli Defense Ministry insisted on that and I think it was proper that they do so.

Mr. VAN CLEVE. All of the replenishments occurred during 1986; correct?

Mr. NORTH. Yes.

Mr. VAN CLEVE. Was replenishment ever done in 1986 at concessionary prices, that is, at prices below which Israel would otherwise have had to pay for the same weapons?

Mr. NORTH. Not to my knowledge. And I say not to my knowledge, because I am not the one that priced the weapons. The Israelis could no longer buy from the United States that—if the Israelis, through the Foreign Military Sales program, came to us to buy a TOW weapon today, they would end up buying a TOW-II or a

TOW-II PIP or whatever the most current version being produced by the U.S. vendor was.

They don't normally buy out of U.S. stocks except under emergency authority like we did in 1973. And so—and I am going to guess at numbers.

The current model that they would get from the producer, the defense contractor, might be $10,000 (witness clears his throat). Excuse me. But the product they got from the United States was at the price established by the United States.

In other words, we were not charging a preferential price just because it was Israel. We had charged the price for those weapons of that date based on what the DOD estimated the price to be, I believe.

I was not in the Pentagon pricing it and I wasn't down in the arsenal we took them from.

Mr. **VAN CLEVE**. But you never asked, I take it, that the Defense Department give the Israelis a better deal than they otherwise would have been given if they had purchased the same weapons?

Mr. **NORTH**. No.

Mr. **VAN CLEVE**. Michael Ledeen served as a principal intermediary between the United States and the Israeli Government with respect to Iran during 1985; is that correct?

Mr. **NORTH**. That is correct.

Mr. **VAN CLEVE**. Can you tell this committee why Mr. Ledeen was chosen for this role?

Mr. **NORTH**. I cannot, because it was done, as I understand it, by Mr. McFarlane and I would have to defer to Mr. McFarlane as to why.

I would like to get something on the record, if I may, Mr. Chairman.

And that is that there was an indication that I had accused Mr. Ledeen of making money on the transactions in 1985. I want it noted, and you have it in my records, that that information was provided to me by two foreigners who had made that allegation.

Now, I know many of the allegations made against me are untrue. I know them to be and I hope you know at least some of the ones that have been made about me are untrue. And when I asked that question to Mr. McFarlane, I did not expect that it would come out in this committee hearing. I did not expect it would be the subject of debate.

Mr. Ledeen assured me when I asked him that question that he had not made money on it. I have no reason to believe that what the Iranians told me or that one of the Israelis told me is necessarily true.

I do not want it noted by the committee record that I have accused Mr. Ledeen of making money on the transaction. I do not know if he did. And I do not know if he didn't.

When he told me he didn't, I believed him.

Mr. **VAN CLEVE**. Do you have any evidence that Mr. Ledeen was paid by the Israeli Government?

Mr. **NORTH**. I have none.

Mr. **VAN CLEVE**. I have some questions about the Tehran trip, Colonel North.

One of the unanswered questions for the committee is the nature of the agreement, the precise nature of the agreement between the United States and Iran leading up to the May 1986 meetings in Tehran.

My first question is, did the United States agree, to your knowledge, to bring a specified percentage or quantity of HAWK spare parts to Tehran, such as 50 percent?

Mr. NORTH. No. The governing factor in the trip to Tehran that I went on in May was what the aircraft would handle. And I am not talking about the aircraft we were on. I am talking about the aircraft that was going to come once we were there.

And it was necessary by virtue of fuel load, weight, and space that some of the stocks had to come with us. And that was made known to my superiors and everybody on the aircraft knew that those supplies were aboard the aircraft because the pallet of supplies was directly behind the seats in the Israeli 707. You had to trip over it to go to the head.

And I recognize that some people may have said they didn't know they were on the airplane, but that wasn't dog food. They were HAWK parts.

Mr. VAN CLEVE. Did the Iranians, to your knowledge, ever agree that all of the hostages would be released prior to or on Mr. McFarlane's arrival in Tehran?

Mr. NORTH. It turns out that the Iranians did not. Manucher Ghorbanifar told us that they had agreed to that. And what had happened is we had gone too far down the line with Ghorbanifar. What was his—his process, if you will, was to tell the Iranians one thing and tell us another. Then let the two sides sit down and duke it out.

Well, as I said, we knew Ghorbanifar for what he was. We did not know of the letters that he had sent to Tehran committing us to certain things until after we got there.

When we exchanged letters face to face with the Iranians in Tehran, it was very obvious that he had lied to both sides and we knew that he did this, but we didn't know that the lie was quite so blatant.

We had expectations from him, communicated to us directly and through the Israelis, that that would be the outcome if things went well in Tehran.

We did not know all of the expectations of the Iranians as to what it would take to make things go well. And thus, when we got there, both sides were surprised at the intransigence of the other side's opinions. And that is why I had advocated, despite the risks, despite the deep concern of Director Casey, that information about a very covert program would be revealed if I went on the trip and were tortured, despite all of that, I was a proponent of the advance party trip because I knew Ghorbanifar to be what he was.

I knew he was a duplicitous sneak, and I thought that we could do better by General Secord and I going to Tehran.

It was that trip, the advance trip, that resulted in Director Casey saying, "I am not going to allow you to go because a—project that you were involved in unless you take—are prepared to deny that information under torture."

And he was very concerned about that. Now I think it was an error on our part not to have the advance trip. I am not saying that the May trip would have necessarily gone better. I am not blaming anybody for the fact we didn't bring any hostages out or end up with a strategic treaty with Iran.

What I am saying is I think it was an error not to have gone on that trip. I think that opinion is shared by some of the experts on Iran who participated, to include Mr. Cave.

Mr. VAN CLEVE. So is it your testimony that Mr. McFarlane's understanding as to the conditions under which the hostages were to be released was based on assurances that you had received from Ghorbanifar?

Mr. NORTH. And the Israelis. And I think they got theirs from him. I am not blaming them. I am just saying that is how we got them, yes.

Mr. VAN CLEVE. The committee has heard testimony that on one of the last nights during which the delegation was in Tehran, while Mr. McFarlane was asleep, a decision was made to allow the second plane containing the remainder of the HAWK spare parts to leave Israel and begin its flight to Tehran; is that correct?

Mr. NORTH. I don't know what the committee has heard, but let me just tell you about that last night, because I was there. OK?

It was the plan consistent throughout that that aircraft, which was based at an Israeli air force base, would have to launch by a certain time of day in order to get to Tehran. It was always the plan that the aircraft could be turned around at what we call the fail safe or turn-around point, wherein if it went beyond that, it had to go all the way into Tehran because it would run out of fuel before it got back. It was always a part of the plan. It was in the OP plan that I wrote up for this entire thing, and it all proceeded accordingly.

And thus, at 6:00 in the morning when Mr. McFarlane got up, I told him, in accord with the plan, the airplane is 2 hours from turn-around point and we allowed the meeting to go on for a little bit longer to see if we were going to prosper, and then both of us reluctantly agreed to turn the plane around.

I don't know—there were many other people who were there. There was a CIA communicator. The communications were being monitored in Tel Aviv and in Washington. Everybody knew what was going on with that airplane. It wasn't some secret "Ollie North, in the middle of the night, flying off on his own hook." Ollie North didn't do that, and I don't know why the committee was left with that impression. You'd have to ask others. But there were others who were there that know that this entire plan was already in the OP plan, fully briefed, and that's just exactly the way it went. In a very calm and moderate, and reasoned way, we decided that we would turn the airplane around in accordance with the plan that we had all worked on.

Mr. VAN CLEVE. And your testimony is that you had been specifically authorized in advance to make that decision while Mr. McFarlane was asleep; is that correct?

Mr. NORTH. I didn't even have to make a decision. The plane launched in accord with a previous established—previously established schedule. I don't even recall that we even confirmed it except that I got the call from the command center in Tel Aviv. The airplane is up. It made it off the ground. It didn't crash with that fuel load aboard.

It had to launch in the early morning or midnight hours because of the heat and the air temperature and all the rest of that stuff that makes airplanes fly.

Mr. VAN CLEVE. Colonel North, in November of 1986, or thereabouts, after the press began disclosures concerning the Iran matter, did there come a time when you received a phone call from a representative of a very high Israeli government official who expressed concern about the public position of the United States on disclosing the McFarlane trip to Tehran?

Mr. NORTH. My memory is not clear on that.

Would you repeat the question, counsel?

Mr. VAN CLEVE. I would be happy to.

In November, 1986, after the press disclosures began concerning the Iran operation, did there come a time when you received a phone call from a representative of a very high Israeli government official who expressed concern about the public position of the United States on disclosing the fact of the McFarlane trip to Tehran?

Mr. NORTH. I believe I did, yes.

Mr. VAN CLEVE. And what did that individual advise you should be the position of the President of the United States?

Mr. NORTH. Well, if my recollection serves me right, we agreed to stay with no comment.

Mr. VAN CLEVE. Is it a fact that this individual advised you that the President should flatly deny that the McFarlane trip to Tehran ever occurred?

Mr. NORTH. Well, I'm going to have—I'd have to go back and look at my contemporaneous notes. That sounds correct, but I don't want—I honestly don't remember those days all that clearly without being able to refer to that, counsel. You may be looking at something—I don't recall—I'm trying to remember from the work product I've tried to assemble on those latter days.

I do—there were a number of calls, day and night, at that point in time. Our principal focus, I do remember, vividly, was to keep the second channel alive and get as many hostages out as we could before it all came crashing down.

Mr. VAN CLEVE. Would you like to take a moment and think about this specific question to see whether or not you can recollect——

Mr. NORTH. As I recall your question is, did a high-level Israeli official call and tell me that their advice was to deny the McFarlane trip?

Mr. VAN CLEVE. That the President should flatly deny that the McFarlane trip ever occurred.

Mr. NORTH. Counsel, I will try to do more research over lunch, if you like. I do not recall specifically this particular matter.

I do recall a number of, probably several a day, phone calls at that point.

Mr. VAN CLEVE. I understand. I think the committee would appreciate it if you would try and recall over lunch. And if you want to make an additional answer for the record later, we would be happy to have it.

Mr. NORTH. Very well. Do you have anything that will help me? You have all my stuff.

Mr. VAN CLEVE. I do not have a specific document, Colonel North. And if I did, I certainly would have provided it to you and your counsel for your examination.

Mr. NORTH. Understood.

Mr. VAN CLEVE. Colonel North, previously you testified that a decision was made in late November, 1986, that the United States would disassociate itself from the 1985 arms shipments made by Israel in the chronologies prepared in 1986; is that correct?

Mr. NORTH. That is correct.

Mr. VAN CLEVE. Did you ever discuss with Mr. McFarlane or Admiral Poindexter the political effects of this decision to portray Israel as having acted on its own?

Mr. NORTH. I don't recall that particular aspect of it. I do know that it seemed to me that there was a reason to do so, and my reasons, as I have indicated earlier in the testimony, were—are already on the record.

Mr. VAN CLEVE. That's correct. My question was, though, did you discuss the political ramifications of that decision with either Admiral Poindexter or Mr. McFarlane?

Mr. NORTH. I do not recall the conversation, counsel, but I am sure that I did. I mean, it was one of those things that would have been very vivid to me. I can't imagine I would have ignored it.

Mr. VAN CLEVE. I understand. Was there any discussion of this decision with Israeli officials?

Mr. NORTH. No. The Israelis, to my recollection, were—and that's why I had a hard time with your earlier question—the Israelis were going to try to stick with no comment; and as you have seen in my contemporaneous notes, there were calls to that effect right off from the start and it was one of the things that was written up in one of the initial notes I sent up when the whole activity started. And I think they sincerely hoped we would be able to do that. I sincerely hoped we would be able to do that.

Mr. VAN CLEVE. But did anyone call them up and say, "Listen, we are thinking of leaving you out on a limb here, how do you feel about that"?

Mr. NORTH. I do not know whether those versions were communicated with the Israelis or not. We did at that point in time have a secure communications means that was outside the normal diplomatic communications, and I was able to communicate with Mr. Nir, but I do not recall specifically addressing that with him.

Mr. VAN CLEVE. The chronologies themselves did specifically acknowledge that the United States had, in fact, dealt with the Government of Iran, didn't they?

Mr. NORTH. Oh, absolutely.

Mr. VAN CLEVE. Would you explain to the committee why you felt that a revelation of the 1985 transactions, which the Iranians themselves probably knew had had U.S. support, was likely to jeopardize the lives of the hostages and the second channel?

Mr. NORTH. Yes. Because we had gone to—the way it was presented to me, and what we were seeing in intelligence, was that they were very, very upset about what they perceived to be a double-cross in November with the HAWKs. It is my understanding, and, of course, we have a hostage here to show for it, that they were pleased with what they got in the August-September transaction, before I became operationally engaged in this.

The November shipment was a disaster. It was very clear from the intelligence that we were seeing and we made great efforts in every meeting with the Iranians, both in the first and the second channel, to tell them very clearly that's not what happens when you deal with us.

Well, in fact, we had been associated with that second delivery, the HAWK transaction in November. It was done with the assistance of the CIA's proprietary, General Secord, who jumped into it to make it work, and me. And so my concern was that there was the duplicity, which we had worked with the Iranians in denying any association with that second shipment, would work to the detriment of the hostages; that the second channel, who we had assured, brought here to the United States, as you know, taken through a tour of the White House, just like my family has been taken through a tour to the White House, coddled, and coached and encouraged, would indeed find themselves all dead somewhere, and so my principal concern was the hostages and the second channel.

There may well have been other concerns about that November shipment that I am not aware of. I did not then nor do I now see a legal flaw in what we attempted to do. I do see that the protracted period of time, particularly the first Finding which demonstrates it is solely arms-for-hostages, is a politically damaging position for the President. It is also internationally damaging for this administration and this country. And, thus, when it came time for us to be talking about that earlier transaction, there may have been people who were looking beyond my immediate concerns for the hostages and the second channel and that relationship to the domestic and international political repercussions on beyond a look at some other legal flaw that I am unaware of.

For many different reasons, therefore, it may have been deemed prudent to change those chronologies. I've given you my reasons. I cannot explain the reasons for others.

Mr. VAN CLEVE. Colonel North, I have the—what I regard as the personally painful task of asking you the following questions. You've admitted before this committee that you lied to representatives of the Iranians in order to try and release the hostages; is that correct?

Mr. NORTH. I lied every time I met the Iranians.

Mr. VAN CLEVE. And you have admitted you lied to General Secord with respect to conversations that you supposedly had with the President; is that correct?

Mr. NORTH. In order to encourage him to stay with the project, yes.

Mr. VAN CLEVE. And you've admitted that you've lied to the Congress; is that correct?

Mr. NORTH. I have.

Mr. VAN CLEVE. And you've admitted that you lied in creating false chronologies of these events; is that correct?

Mr. **North**. That is true.

Mr. **Van Cleve**. And you've admitted that you created false documents that were intended to mislead investigators with respect to a gift that was made to you; is that correct?

Mr. **North**. No.

Mr. **Van Cleve**. I think I understand the reason for your hesitation. You certainly have admitted that the documents themselves were completely false; is that correct?

Mr. **North**. That is correct.

Mr. **Van Cleve**. And they were intended to create a record of an event that never occurred; is that correct?

Mr. **North**. That is correct.

Mr. **Van Cleve**. Can you assure this committee that you are not here now lying to protect your Commander in Chief?

Mr. **North**. I am not lying to protect anybody, counsel. I came here to tell the truth.

I told you that I was going to tell it to you, the good, the bad, and the ugly. Some of it has been ugly for me. I don't know how many other witnesses have gone through the ordeal that I have before arriving here and seeing their names smeared all over the newspapers and by some members of this committee. But I committed when I raised my right hand and took an oath as a midshipman that I would tell the truth, and I took an oath when I arrived here before this committee to tell the truth, and I have done so, painful though it may be for me and for others. I have told you the truth, counsel, as best I am able.

Mr. **Van Cleve**. I have no further questions of this witness, Mr. Chairman.

Chairman **Inouye**. Thank you very much.

When we resume our hearings at 2:00, Mr. Arthur Liman will continue the questioning.

We will stand in recess until 2:00 p.m.

[Whereupon, at 11:57 a.m., the joint committees recessed, to reconvene at 2:00 p.m., this same day.]

AFTERNOON SESSION

The Select Committees met, pursuant to recess, at 2:00 p.m., in room 325, Russell Senate Office Building, Hon. Daniel K. Inouye (chairman of the Senate Select Committee) and Hon. Lee H. Hamilton (chairman of the House Select Committee) presiding.

Chairman **Inouye**. The hearing will please come to order.

Before proceeding, may I advise the guests that the chair will not tolerate any demonstrations.

Mr. Liman?

Mr. **Liman**. May I proceed?

Good afternoon, Colonel.

Mr. **North**. Counsel.

Mr. **Liman**. Colonel, is it fair to say that November 25, 1986, was one of the worst days in your life? I wasn't asking whether it was one of the worst days in Mr. Sullivan's life.

Mr. **North**. I didn't meet him until the next day.

Mr. **Liman**. OK.

Mr. **North.** I will tell you honestly, counsel, that I have had many worse days than that. Most of those were days when young Marines died and there have been days since then that are worse in some respects, and I would not recount the last 3 days that I have been here as being particularly pleasant.

It was a difficult day.

Mr. **Liman.** On the preceding day, you had offered your resignation to Admiral Poindexter?

Mr. **North.** My recollection, counsel, is that I first tendered it on Friday before I met with the Attorney General. We had talked about it several times prior to that, and I retransmitted it, as I recollect, either Sunday or Monday.

Mr. **Liman.** And you retransmitted it, the preceding day in a PROF note that expressed your prayer that the President is not further damaged by what has transpired?

Mr. **North.** I don't recall the exact words of the PROF note or the actual transmission of the message. It was a deeply personal communication between myself and a man for whom I had and still have a great deal of respect, Admiral Poindexter.

Mr. **Liman.** And then on the 25th, you learned from a press conference that you had been fired.

Is that fair to say?

Mr. **North.** I believe that the words that were used was that I had been dismissed.

Mr. **Liman.** And to use those words, if you prefer, you had been dismissed by a President whom you had served with dedication for some 5 years. Fair to say?

Mr. **North.** Five-and-a-half years.

Mr. **Liman.** And you learned at that press conference that you were the subject of a criminal investigation that was being initiated for an action, the diversion, which had been approved by your superior, Admiral Poindexter, and had been described in some five memoranda that you sent to Admiral Poindexter for approval by the President.

Is that fair to say?

Mr. **North.** Well, I don't want to characterize anyone's reasons for doing——

Mr. **Liman.** I didn't ask you, but, you learned that you were the subject of a criminal investigation in that press conference.

Mr. **North.** That is correct.

Mr. **Liman.** And you learned that it was a criminal investigation relating to the diversion or what we call the diversion, the use of the profits of the Iranian arms sale to support the Contras.

You learned that, correct?

Mr. **North.** That is correct.

Mr. **Liman.** And that was action that you took that had been authorized, correct?

Mr. **North.** It is action that I took that I believed I had the full authority to take. That is correct.

Mr. **Liman.** Well, it had actually been authorized by Admiral Poindexter, is that not so?

Mr. **North.** Yes.

Mr. **Liman.** He had communicated his approval to you, correct?

Mr. **North.** Yes, he had.

Mr. Liman. You seem to be hesitating. Is there any doubt in your mind?

Mr. Sullivan. We're just looking for tricks, Mr. Liman.

Mr. Liman. Well I can assure you I have none in my bag.

Mr. Sullivan. He has testified fully about these matters, Mr. Chairman. Excuse me, Mr. Chairman. He has testified fully about these matters; I thought we would be on to some new important subject by now.

Chairman Inouye. Please proceed.

Mr. Liman. Was it approved by him?

Mr. North. The actions that I took, all of them, to include the use of residual funds from the sale of arms to Iran to support the Nicaraguan Resistance and other activities were approved. All of them.

Mr. Liman. And is it also so that for some months, you had been telling friends like Mr. Owen that you were going to be the fall guy?

Mr. North. I may well have, as I believe I have already testified. I may well have told Mr. Owen and perhaps others that if this whole thing came down to creating a political controversy or embarrassment, and you remember again that Mr. Owen did not know, I don't believe, anything about the Iranian initiative, that I would be the person who would be dismissed or reassigned or fired or blamed or fingered or whatever one wants to use as a description, that I was willing to serve in that capacity.

All of that assumed that this was not going to be a matter of criminal behavior, but rather one of deniability for the White House, the administration or whatever for political purposes, and when I say political purposes, I am speaking of not only domestic, but the international ramifications. That is one of the essences of plausible deniability in a covert operation.

Mr. Liman. Well, are you saying, Colonel, that you were prepared to take the rap for political purposes, but not for criminal purposes? Is that what I just heard?

Mr. North. Precisely.

Mr. Liman. And is it a fact on November 21 after meeting with Admiral Poindexter, you told your colleague, Colonel Earl, that you were going to be the scapegoat?

Mr. North. I don't recall that specific conversation on the 1st, I don't believe, with Colonel Earl.

Mr. Liman. Twenty-one. That is Friday.

Mr. North. I may have. I don't deny that I said that to him.

Mr. Liman. Did you use the term "scapegoat"?

Mr. North. I don't recall, counsel. I may have.

Mr. Liman. Well, scapegoat means that someone who is going to take the blame for others. For whom did you expect to take the blame?

Mr. Sullivan. Objection. He said he didn't recall whether he used scapegoat.

Mr. Liman. Well, yesterday, you said that when the time came, you were going to dropped like a hot rock, that you were going to be the deniable link, and I think you also used terms like scapegoat. For whom were you going to be the scapegoat?

Mr. NORTH. For whoever necessary, for the administration, for the President, for however high up the chain that they needed someone to say that is the guy that did it, and he is gone, and now we have put that behind us, and let's get on with other things.

Mr. LIMAN. And did you tell Admiral Poindexter that you were prepared to play that role?

Mr. NORTH. I had told Admiral Poindexter that, and I had told Mr. McFarlane that as early as 1984.

Mr. LIMAN. Had you told Mr. Casey that?

Mr. NORTH. I think it may well have been his idea to begin with, that there had to be somebody who was going to stand up and take the rap for this.

Mr. LIMAN. And this means what, sir?

Mr. NORTH. Well, starting in 1984 for the political or international consequences of what we began to call the support for the Nicaraguan Democratic Resistance.

Mr. LIMAN. And after that became involved and linked with the Iranian arms sale and the proceeds, you were the person who was going to take the rap for that, too?

Mr. NORTH. I saw no difference from one to the other.

Mr. LIMAN. And you were prepared to do that?

Mr. NORTH. I have testified to that.

Mr. LIMAN. Now, Admiral Poindexter, who was your superior, and who had approved this, was not dismissed, am I correct?

Mr. NORTH. Counsel, I don't recall the exact words that were used in that press conference.

Mr. LIMAN. Do you remember that he was treated differently, Colonel?

Mr. NORTH. Admirals should be treated differently than lieutenant colonels.

Mr. LIMAN. Well, do you remember that he was allowed to resign and be transferred with honor?

Mr. NORTH. I don't recall those words specifically, but if that is what it was said in the press conference, I assume that is what it was.

Mr. LIMAN. Do you recall at the press conference the Attorney General indicated that Admiral Poindexter's problem was that he had gotten some indication of the diversion and had looked the other way, words to that effect?

Mr. NORTH. I do not.

Mr. LIMAN. Do you remember, sir, that as you listened to the press conference, that the Attorney General said nothing about the fact that Admiral Poindexter had approved the diversion?

Mr. NORTH. Quite frankly, counsel, I don't remember a great deal about that press conference. And if you would want to show me the transcript, I'm sure it would refresh my memory.

Mr. LIMAN. Well, I can, but I'll move on because I don't want to tarry on that.

On the 21st, you did in fact discuss with Admiral Poindexter the problem of the diversion. Is that so?

I'll tell you—you are looking at a book there. What is the book, sir?

Mr. NORTH. The book is made up of notes that I have made in trying to prepare with counsel for this hearing.

Mr. **Liman**. And——

Mr. **North**. It includes——

Mr. **Sullivan**. Don't tell him what it includes.

Mr. **Liman**. Well, I think that if a witness is looking at something that I, as counsel, am entitled to see what he is refreshing his recollection with.

Mr. **Sullivan**. I think you are wrong. That is a product of lawyers working with clients.

Mr. **Liman**. And you think that a witness is entitled to read something and that we are not entitled to see what he is reading?

Mr. **Sullivan**. He is entitled to read his notes and preserve the attorney-client privilege. Everything in that book is a product of the attorney-client, and work-product privilege, Mr. Liman, and you know that.

Mr. **Liman**. Are you able to recall your conversation with Admiral Poindexter on the 21st about the diversion without looking at that book?

Mr. **Sullivan**. That is none of your business either. You just ask him the question.

Chairman **Inouye**. Please address the chair.

Mr. **Sullivan**. Mr. Chairman, let's get to the substance of these hearings and stop trying to—get off his back.

Chairman **Inouye**. We have a PA system here; you need not shout, sir.

Mr. **Sullivan**. Mr.——

Chairman **Inouye**. Please proceed.

Mr. **North**. Counsel, I would——

Mr. **Sullivan**. Don't answer the question. Next question. The question, Mr. Chairman, won't be answered.

Mr. **Liman**. Lieutenant, do you recall testifying as recently as yesterday and the day before that on the 21st of November, you told Admiral Poindexter that you had gotten rid of all memos relating to the diversion?

Mr. **Sullivan**. May we see the transcript that you are referring to? If you are trying to impeach him with yesterday's transcript, I want the page and the line, please, Mr. Chairman. That is the only fair way to do it.

Mr. **Liman**. Mr. Chairman, if he recalls, I'm entitled to have his answer.

Chairman **Inouye**. Please answer.

Mr. **North**. Counsel, first of all, I'm a lieutenant colonel. I have been a lieutenant colonel for a couple of years now.

Second, the sole reason for me to consult with anything is for the purpose of trying to give you a more accurate answer. And I have been asked questions that covered 5½ years of work, many of the days in which were non-stop. I am trying to give you honest, straightforward and factual and complete answers. And now that you have refreshed what I said the other day, yes, I do recall speaking to Admiral Poindexter on the morning or at some point in the day on the 21st.

Mr. **Liman**. Now, when you spoke to him on the 21st, would you tell us what occasioned the conversation about diversion?

Mr. **North**. My recollection is that the issue came up that there would be an inquiry by the Attorney General's office or by the Attorney General on a factfinding activity to find out what had happened in '85 as a consequence of Israeli transfers to Iran.

And during that discussion, I assured Admiral Poindexter, erroneously, it turns out, that all references to the use of funds generated by U.S. sales to the Government of Iran and using the residuals from those transfers for support of the Nicaraguan Resistance had been removed and destroyed.

Mr. LIMAN. Are you finished?

Mr. NORTH. I think that answers your question.

Mr. LIMAN. Admiral, you say—lieutenant colonel——

Mr. SULLIVAN. He will accept the promotion.

Mr. LIMAN. You say that you assured him in the course of that conversation that the documents that referred to this no longer existed. Did he ask you whether the documents existed?

Mr. NORTH. I don't recall who raised the subject, whether it was the admiral or I. But I do remember assuring him that they had all been destroyed.

Mr. LIMAN. Did you discuss when you destroyed them?

Mr. NORTH. I don't recall, but I had been in the process of destroying things for sometime by that point.

Mr. LIMAN. Did he ask you whether any other documents besides those that referred to the diversion had been destroyed?

Mr. NORTH. Not that I can recall right now.

Mr. LIMAN. And so, is it fair to say based on your recollection that the conversation that you had with him on the 21st about documents that no longer existed related to the diversion?

Mr. NORTH. I'm sorry. Is it fair to say what, counsel?

Mr. LIMAN. The, that—that the conversation related to the diversion only in terms of what documents had been destroyed.

Mr. NORTH. I am not certain of that. Again I want to reiterate that I—that may have been the conversation on Friday or maybe it was a preceding one. I can recall that we talked several times that day. He was very busy and so was I.

But we had talked at one point on Friday about my departure. I believe that is when I first tendered my resignation in writing to him. And we may have talked about the Nicaraguan Resistance and the fact that I had probably destroyed documents pertaining thereto. I honestly don't recall specifically.

Mr. LIMAN. Colonel, if you look at whatever it is in front of you, will that refresh you?

Mr. SULLIVAN. Well, Mr. Liman, when he wants to look at something, he will look at it. Don't you suggest when he looks at it. Get on with the questioning.

Chairman INOUYE. Counsel, I'm certain you are aware of the rules as well as any one of us. First of all, I would hope that you will address the chair. Secondly, we would like to get the business on the road ourselves. And, thirdly, our public address system, I believe, is working very well. You need not shout, sir.

Proceed.

Mr. NORTH. Would you please repeat the question.

Mr. LIMAN. I said, does the document that you have in front of you refresh your recollection as to what else was discussed on this subject?

Mr. SULLIVAN. Objection, Mr. Chairman.

Chairman INOUYE. On what basis?

Mr. SULLIVAN. Counsel should simply ask the question. If the witness wants to look at his notes, his whole book that he has here, he'll do so for the answer. If he doesn't, he won't do so. If he thinks it helps him, he will look.

I think it should be fully understood by the committee that Colonel North has been struggling here for 2½ days to tell the truth and the whole truth. He is also exercising great care in addition to telling the truth because, Mr. Chairman, this body has created an independent counsel which occupies an office down the street, and he is like a separate super Justice Department to those of us that work in the defense of citizens. He has a hundred people, you have a hundred and twenty five, he has a hundred people down there looking at Colonel North and everything he did, just the way your staff is. He has 26 bright lawyers, 35 FBI agents, 11 IRS agents, 4 Customs agents, investigators, and they are all pouring over the testimony.

And so, sir——

Chairman INOUYE. What are the grounds of your objection, sir?

Mr. SULLIVAN. My grounds are that he will look at his book when he wants to look at his book, and it's improper for any questioner to say look at your book and see if you can find an answer.

Chairman INOUYE. I think it is up to the chair to decide whether it is proper or improper.

I think the question was proper, sir.

Please proceed.

Mr. SULLIVAN. Are you directing him to look at his book, Mr. Chairman? Would you like him to start at page 1?

Chairman INOUYE. He may look at it or he need not look at it. It is up to him.

Mr. SULLIVAN. Thank you, sir. I appreciate that. That is the ruling I was looking for.

Mr. NORTH. Occasionally it does help, counsel. It does not help me in this specific case.

Mr. LIMAN. Now, when you had been——

Mr. NORTH. If I may make one observation, counsel, I provided to the committee, when compelled to do so under subpoena, the documents and records that I had in my possession. And many of those refer to these issues. I do not have them before me but you have them in the exhibit books.

Mr. LIMAN. Colonel, during the last 6 months or so, did you look over the steno books that you turned over to us?

Mr. SULLIVAN. Objection, Mr. Chairman.

Chairman INOUYE. What is the basis of your objection?

Mr. SULLIVAN. What a witness does to prepare himself to tell the truth is none of the business of the questioner.

Chairman INOUYE. It is the business of this committee.

Proceed, sir.

Mr. SULLIVAN. Ask the question again, please.

Mr. LIMAN. Did you read your steno books in the last 6 months?

Mr. NORTH. I did review them with counsel.

Mr. LIMAN. Did you find in those steno books any references to conversations that you had with Admiral Poindexter about the diversion?

Mr. NORTH. I do not recall. There were 20 some odd books that I delivered up here, counsel.

Mr. LIMAN. Now, your counsel had referred to the fact that you provided some 20 books to us. The fact of the matter is that those 20 books did not include the six, or five or six diversion memos that you had written during the course of 1986. Is that correct?

Mr. NORTH. The memos themselves were contained in documents that were created in my office on a typewriter. There were no typewritten pages in the books that I gave you.

Mr. LIMAN. And those memos were destroyed by you, or at least you tried to destroy them all. One survived, is that fair to say?

Mr. NORTH. I did. Yes.

Mr. LIMAN. Now, when you were meeting with Admiral Poindexter on the 21st, you believed in good faith that you had gotten rid of all five memoranda that you have referred to. Is that so?

Mr. NORTH. That is correct, and just to amplify on that, it is very likely that the two that were not approved or that did not proceed, as I have indicated in earlier testimony, could well have been destroyed right at that time. And so what I am saying is, at the very most, that may have been left in the waning days of my tenure might well have been just the three. And that is why when the question was asked yesterday or the day before about how many memos I actually destroyed in those closing days, I couldn't tell you, because I honestly don't remember.

Mr. LIMAN. There were five memos, and what you are saying now is two may have been destroyed at the time that those transactions didn't occur, and the other three would have been destroyed later.

Mr. NORTH. No, what I am saying—I want to make it very clear—the one memo that you do have was a transaction that did not go through. As was my habit, if we had done something that, or prepared a memo on something that was not done, I would very often destroy that memo at that point in time when the decision was made not to proceed.

Obviously, there was a memo still remaining in the files that pertained to a transaction which did not occur that referred to an April plan that was never executed or implemented.

Mr. LIMAN. And then there were three other transactions that did go through of which there are no memoranda extant now that you are aware of, correct?

Mr. NORTH. That is correct.

Mr. LIMAN. And those are ones that have been destroyed, correct?

Mr. NORTH. Yes.

Mr. LIMAN. And so at the time that you gave Admiral Poindexter this assurance you believed in good faith that no record existed of the diversion that you had written. Is that correct?

Mr. NORTH. When I talked to the admiral on the 21st, I assured him that all references to the sale of arms as it related to the Nicaraguan Resistance had been destroyed, and I was wrong.

Mr. LIMAN. And at that point, you were in a position in which you did not have a single document that indicated that your actions had been authorized by your superiors. That is the way you believed, you thought, correct?

Mr. **North**. Well, yes, and I also believed that all of the PROF notes which are now in stacks all over Washington also had been destroyed.

Mr. **Liman**. Now, after you were dismissed, did Admiral Poindexter call you and say to you that he would confirm that he had given you authority?

Mr. **North**. I honestly don't recall a conversation with Admiral Poindexter after I was dismissed. He may have called, I don't remember it.

Mr. **Liman**. Do you recall any conversation with him in which he said, "Colonel North, don't worry, even if you destroy all the documents, I will stand up and say I approved it"?

Mr. **North**. No. I recall no such conversation.

Mr. **Liman**. So that you were—once the documents were destroyed, you were out there without any kind of assurance that anyone would stand behind you; is that fair to say?

Mr. **North**. That was the plan, and it was planned that I would be out there. Everything had gone right according to plan, right up until about 12:05 in the afternoon the next day, or several days thereafter.

Mr. **Liman**. And when the plan changed was when you had the IC, or the criminal investigation announced?

Mr. **North**. Well, I don't know where—in who else's mind the plan changed, counsel. I know that when I heard the words "criminal investigation" or criminal behavior or whatever the words were that were used in the press conference, or shortly thereafter—I don't—it was certainly profound at that point, that my mind-set changed considerably.

Mr. **Liman**. Now, you had——

Mr. **North**. And I think if you will indulge me for a second, over the 5½ years that I had served on the NSC staff, I had, as I hope I have testified here today, sought every possible means to do what needed to be done within the law.

We had gone in extremis to find a way to live within the constraints and proscriptions of Boland, and I had sought a means in 1985 in working with various lawyers, and various counsel, to find a way to implement a policy that started without my acquiescence or support or direction or anything else, and work very, very hard to find legal ways to carry out the policy of the President, and there was probably not another person on the planet Earth as shocked as I was to hear that someone thought it was criminal, and I can tell you that that shock was compounded when I heard later that there was to be an independent counsel, and further compounded when I was the only name in the appointment order for that independent counsel, the only person on the planet Earth named in that appointment order, counsel.

Mr. **Liman**. Colonel, if the investigation by the independent counsel had not been instituted, if you hadn't heard the words "criminal", would you still be sticking by the cover story?

Mr. **Sullivan**. Objection.

Mr. **Liman**. I will not press it. It is hypothetical.

Mr. **Sullivan**. I know it is, Mr. Liman. I am glad you recognize it. We don't have to get the chair involved.

Mr. LIMAN. Now, you have already testified that Casey had approved this, Mr. Casey?

Mr. NORTH. Which is this?

Mr. LIMAN. The diversion.

Mr. NORTH. I had consulted very carefully on Director—with Director Casey, and he—I don't know if approved is the right word. Director Casey was very enthusiastic about the whole program.

Mr. LIMAN. Now——

Mr. NORTH. And advocated it.

Mr. LIMAN. When you met with the Attorney General on the afternoon of the 23d of November, he asked you about the diversion, correct?

Mr. NORTH. He did. He asked me specifically about that memorandum.

Mr. LIMAN. And is it true that he asked you who knew about the fact that proceeds from the sale of Iranian arms were being used to support the Contras?

Mr. NORTH. I think he may well have. I, again, I am not entirely clear on that afternoon. I was up till very early in the morning before it. I'd had a meeting with Mr. McFarlane on it. And I suppose he may well have. Again, I do not have detailed specific recall of that. I took no notes during that meeting.

Mr. LIMAN. Do you recall that you told him that Admiral Poindexter knew, that Richard Secord knew and that Mr. McFarlane knew?

Mr. NORTH. That sounds right.

Mr. LIMAN. Do you recall that you did not tell the Attorney General of the United States that Director Casey knew?

Mr. NORTH. I don't recall that I didn't.

Mr. LIMAN. Well, was it part of the plan at that stage that you would not name Director Casey?

Mr. NORTH. It had always been part of the plan that Director Casey would know nothing of the support to the Nicaraguan Resistance.

Mr. LIMAN. And who else was it part of the plan who would not know anything about the support to the Nicaraguan Resistance?

Mr. NORTH. Other Cabinet officers who had to testify and appear and things like that. It was a very closed circle of people who knew.

Mr. LIMAN. Was it—which other Cabinet officers?

Mr. NORTH. Well, the people who didn't know. I mean, it was just a matter of—I have told you who I thought knew and I have told you who—and you have seen who I sent memoranda to and you know of the record of communications I had with various officials. I don't know who else knew. I have told you that.

Mr. LIMAN. Colonel, you have testified a moment ago—unless you misunderstood the question——

Mr. SULLIVAN. Counsel, I think you were missing each other there.

Mr. LIMAN. Well, we will soon see—that it was always part of the plan that Director Casey would not be—would not know. Is that in essence what you said?

Mr. NORTH. If you mean by the plan, the fall guy plan, yes.

Mr. LIMAN. And so, the fall guy plan was that even though Casey knew, you would not finger him, to use a colloquial expression?

Mr. NORTH. Your expression, counsel, not mine.

Mr. LIMAN. You wouldn't name him?

Mr. NORTH. That is correct.

Mr. LIMAN. And then, the next question I asked was, were there other people who knew things that you were also not supposed to name?

Mr. NORTH. Not that I know of. Because I know of no other people who actually knew. I have testified as to who I knew knew—I am getting—confusing myself. I have testified as to who I believe knew about the plan. I have testified as to who I can actually confirm knowledge by virtue of the memoranda that I created, the conversations we had, and the record that you see before you from the PROFs system.

But I had specifically talked to the admiral, and I could well have said to the Attorney General on the 23d, I guess it was, that Sunday, that, "Oh, by the way, the President knows", but I had asked the admiral on Friday if the President knew, and the admiral had told me no.

And so, when the Attorney General asked me about the President, I told him no.

Mr. LIMAN. Isn't it a fact that what you told the Attorney General was that you didn't know whether or not he did know? Isn't that what you told McFarlane?

Mr. NORTH. But I think the discussion with Mr. McFarlane was perhaps——

Mr. LIMAN. No. The one in London, where he called you from London, when he asked you what the Attorney General had asked you.

Let's go back, Colonel. Did you not talk to Mr. McFarlane after your conversation with the Attorney General?

Mr. NORTH. I believe I did. I believe I talked to both Mr. McFarlane and eventually Admiral Poindexter.

Mr. LIMAN. Let's talk about Mr. McFarlane.

Mr. NORTH. This is on Sunday afternoon after the Attorney General.

Mr. LIMAN. And when you talked to Mr. McFarlane after you had met with the Attorney General, did he ask you what happened at that meeting?

Mr. NORTH. I suppose he did, or I volunteered it. One or the other.

Mr. LIMAN. Well, do you recall telling Mr. McFarlane about the fact that they had found the memorandum?

Mr. NORTH. Yes, I did.

Mr. LIMAN. And do you remember telling him that you were asked about who knew?

Mr. NORTH. I don't remember that part. I remember—it was a profoundly difficult time because that memorandum wasn't supposed to exist.

Mr. LIMAN. Did I understand you to say a moment ago that if Admiral Poindexter had not told you on Friday that he had not told the President, you "may well have told the Attorney General that the President did know"?

Mr. **Sullivan**. That's a very confusing question, Mr. Chairman. Could you restate it, sir?

Mr. **Liman**. Did you just testify a few moments ago that had Admiral Poindexter not told you on that Friday that the President was unaware of the diversion, you might well have told the Attorney General on that Sunday that the President knew? Is that what you said?

Mr. **North**. Well, let me cast this the right way, because I don't want to leave any false impressions.

In the conversations that I had with the admiral on Friday, all of which related to, as I recall them, my departure, the safety of the hostages, and the second channel, the clean-up of the files, if that is an acceptable way of putting it, I asked the admiral pointedly that day, did the President or does the President know about the fact that we used these moneys to support the Resistance. And he told me then, "no.". I think that's the last conversation I ever had with the admiral about that aspect of it.

Thus, I, having assumed all along that those things which required Presidential approval indeed had them, think I conveyed to the Attorney General on Sunday just exactly those sentiments.

My recollection of it is that when he asked me, "Did the President approve these," I told him, "I guess he didn't," or, "He didn't," or something like that, because that's what the admiral had told me on Friday.

Mr. **Liman**. And what you meant to say before, at least what I think you were trying to say, is that you had assumed for some 9 months that the President of the United States knew and approved of the diversion; correct?

Mr. **North**. I had assumed from the day I took my post at the National Security Council that those things which required the approval of the President, and I sent forward memoranda soliciting that approval and I got the authority to proceed on various initiatives, had indeed received the approval of the President. I've testified to that.

Mr. **Liman**. And it wasn't until Admiral Poindexter answered your question that that assumption was shaken?

Mr. **North**. It wasn't shaken. He simply denied that the President knew.

Mr. **Liman**. Did you ask him, "Admiral Poindexter, why did you not discuss this with the President"?

Mr. **North**. No.

Mr. **Liman**. Why not?

Mr. **North**. First of all, I am not in the habit of questioning my superiors. If he deemed it not to be necessary to ask the President, I saluted smartly and charged up the hill. That's what lieutenant colonels are supposed to do. I have no problem with that.

I don't believe that what we did even under those circumstances is wrong or illegal. I told you I thought it was a good idea to begin with. I still think it was a good idea, counsel.

Mr. **Liman**. And have you wondered why, if it was a good idea, that the President of the United States dismissed you because of it?

Mr. **North**. Let me just make one thing very clear, counsel. This lieutenant colonel is not going to challenge a decision of the Commander in Chief for whom I still work, and I am proud to work for that Commander in Chief, and if the Commander in Chief tells this lieutenant colonel to go stand in the corner and sit on his head, I will do so. And if the Commander in Chief decides to dismiss me from the NSC staff, this lieutenant colonel will proudly salute and say "thank you for the opportunity to have served," and go, and I am not going to criticize his decision no matter how he relieves me, sir.

Mr. LIMAN. Has anyone given you an explanation, Colonel North, on behalf of the President, of why he did not think it was a good idea and dismissed you?

Mr. NORTH. The President of the United States saw fit to call me later the same day and in the course of that call, which was also intensely personal, he told me words to the effect "I just didn't know."

I have no reason to disbelieve what the Commander in Chief told me, sir.

Mr. LIMAN. Did you say to him, "I received approval from Admiral Poindexter and Director Casey"?

Mr. NORTH. I did not say those words to the Commander in Chief. I simply expressed my thanks for having been able to serve him for 5½ years and my regrets that my service had brought forth a political fire storm and difficulties when all I sought to do was to help, and that what I may have done was to hurt him.

Mr. LIMAN. Now, when—when you were speaking to the Attorney General on the 23d, you understood that the Attorney General was not just the chief legal officer of the United States, but he was a confidant and friend of the President; correct?

Mr. NORTH. Yes.

Mr. LIMAN. He was an adviser of the President?

Mr. NORTH. I'm sorry, counsel. Would you please repeat the question?

Mr. LIMAN. You understood that the Attorney General was an adviser of the President?

Mr. NORTH. Yes, I did.

Mr. LIMAN. Why didn't you tell the Attorney General, an adviser to your Commander in Chief, that Director Casey knew?

Mr. NORTH. As I said, I don't know that I did or I don't know that I didn't. I don't recall that conversation in any detail.

It was consistent with a long pattern that Director Casey did not know about any support outside that provided by the CIA for the Nicaraguan Resistance.

Mr. LIMAN. Colonel——

Mr. NORTH. This was part of that.

Mr. LIMAN. Colonel North, as late as November 23, were you still prepared to conceal from the Attorney General facts relating to Director Casey?

Mr. NORTH. I was prepared at that point to continue not to reveal the diversion, as you have put it, had even occurred. You recall, I had removed those files. His people had been going through them that day. I thought that I had gotten them all.

Mr. LIMAN. Well, who were you protecting?

Mr. NORTH. What do you mean, who was I protecting? I was protecting the lives and the safety of the people who were engaged in the operation.

Mr. **Liman**. Explain to us how telling the Attorney General of the United States that Director Casey approved a diversion would jeopardize lives, other than perhaps put him in jeopardy of this kind of investigation that you have been through?

Mr. **North**. Well, I don't know, other than the fact that this investigation could indeed result in lives being put in jeopardy. I don't think that a specific—you know—thought went through my mind on that issue.

Mr. **Liman**. Was it just instinctive that you don't mention the name of the Director when you are talking to the Attorney General about knowledge of support for the Contras?

Mr. **North**. It was instinctive, counsel, from my earliest days of contact with the Director, that his relationship and mine not be something that was publicly bandied about. And until these hearings, I don't believe that most people in Washington knew that the Director and I communed as often as we did.

Mr. **Liman**. Well, how often did you commune?

Mr. **North**. I would say several times a week.

Mr. **Liman**. Where?

Mr. **North**. Most often on the telephone, but we would meet in his office. Occasionally in mine. Occasionally out at the office in Langley.

I can recall a couple of meetings, if not more, in his office at the Intelligence Community Building across the street. I can recall meetings at his home. I can recall riding in the car with him. I can recall airplane trips with him.

We met enough to be able to coordinate sufficiently and that I could seek his guidance on a number of things.

Mr. **Liman**. He was a person who you could confide in?

Mr. **North**. I did.

Mr. **Liman**. He's a person whose advice you valued?

Mr. **North**. Inestimably.

Mr. **Liman**. Were you on a first-name basis?

Mr. **North**. He was with me. I called him by his first name, Mr. Director. I called him Mr. Casey to his face. I occasionally perhaps called him Bill, and I—when my father died, counsel, there were three people in the Government of the United States that expressed their condolences—one was Admiral Poindexter, one was the Vice President of the United States, and the other one was Bill Casey.

Bill Casey was for me a man of immense proportions and a man whose advice I valued greatly and a man whose concerns for this country and the future of this land were, I thought, on the right track—I may be wrong, but I don't think history will bear that out—and I took his advice to heart.

Mr. **Liman**. Did you look upon him, in a way, as a boss?

Mr. **North**. I've heard that said. I don't think so much as a boss, but I know who my superiors are, and I know the chain of command, and he wasn't a boss so much as he was a personal friend and an adviser and a person with whom I could consult and get good, solid advice, and a person to whom I could turn for support.

Mr. **Liman**. When you briefed him on what you were doing to keep the Contras alive, did he express his approval to you?

Mr. NORTH. He never once, that I can recall, in any way disagreed with any of the things that I was doing. In fact, he gave me a number of ideas how they might be done better, and I don't recall him ever—I don't recall that he ever said don't do something you are doing. He often would suggest ways to do it better.

Mr. LIMAN. Did he discuss the President's views with you from time to time?

Mr. NORTH. Not on areas bearing on this investigation.

Mr. LIMAN. The President's commitment to the Contras?

Mr. NORTH. Oh, in the general terms. After all, Director Casey was the one who in the Union League Club speech basically formulated or laid out for the first time publicly the—what has come to be called the Reagan Doctrine.

Mr. LIMAN. Did——

Mr. NORTH. And I think he had a very clear understanding of what the President's views were, and I think he was able to help formulate some of those in terms of a public policy position.

Mr. LIMAN. Did you talk to Director Casey about the financial needs of the Contras?

Mr. NORTH. He probably knew more about it than I did, because he was getting the raw intelligence in.

Yes, we did.

Mr. LIMAN. And you told Director Casey about the fact that the Ayatollah would be—help paying for those needs?

Mr. NORTH. Yes, I did.

Mr. LIMAN. That was a matter of—that had sort of a double irony, didn't it, in this sense, Colonel, that the Iranian Government had been providing arms to the Sandinistas, right?

Mr. NORTH. You've been reading my papers, haven't you?

Mr. LIMAN. Well——

Mr. NORTH. That is right. They tried. And they also provided oil on credit. As I recall, it was about $100 million worth over several years.

Mr. LIMAN. And indeed, one of the points that the President approved, in the terms of reference for Mr. McFarlane to talk to the Iranian Government representatives about, was that they should not give this support to the Sandinistas, right?

Mr. NORTH. That is correct.

Mr. LIMAN. And here you, a staff member of the NSC, succeeded in sort of reversing it all, getting the money for the Contras, correct?

Mr. NORTH. We did.

Mr. LIMAN. And that was something that Director Casey must have admired very much?

Mr. NORTH. He did, to put it mildly.

Mr. LIMAN. And it was something that, as you said, you were proud of?

Mr. NORTH. I didn't say I was proud of it. I thought it was—I believe I said something——

Mr. LIMAN. A neat idea?

Mr. NORTH. A neat idea.

Mr. LIMAN. Well—did Director Casey ever tell you, Colonel North, "This is something that you must never mention to any of your colleagues at the NSC"?

Mr. **North**. I'm sorry, counsel? Would you please——

Mr. **Liman**. Did you discuss with Director Casey that this use of the proceeds was a matter that could be a political bomb shell?

Mr. **North**. I think we probably did at a number of points. Certainly we discussed that very clearly toward the end of my tenure. I think it actually came down to detailed discussions of that once he was aware that there were outside—there was outside intelligence on it, and I'm focusing specifically on a friend of his that had approached him and told him that he, the friend, knew about the use of the funds.

Mr. **Liman**. That is Furmark?

Mr. **North**. Yes.

Mr. **Liman**. Correct? And that was in the fall of 1986?

Mr. **North**. That is correct.

Mr. **Liman**. And you have testified about the fact that as a result of Furmark's statements to the Director, the Director asked you to clean up your files?

Mr. **North**. That is correct.

Mr. **Liman**. And——

Mr. **North**. It was not that one singular event, I mean things were, I think as I indicated earlier, unraveling rather quickly. We had the aircraft shot down in Honduras; the investigation of Southern Air Transport, which as far as I can determine, innocent in that transaction; General Secord's role being revealed; and then Furmark walking in. And, of course, that was followed by the revelations in the pamphlets in Iran and then the newspaper in Syria—or Beirut.

Mr. **Liman**. Colonel, in November of 1986, after the Iranian venture had been publicized initially in Lebanon and in papers all over the world, did you discuss the diversion with Director Casey?

Mr. **North**. Oh, sure.

Mr. **Liman**. Now tell us about that, whatever you can recall.

Mr. **North**. Well, I don't recall the—I mean, we had several discussions about it.

Mr. **Liman**. Well I will take—all several.

Mr. **North**. My recollection is that Director Casey agreed with my assessment, that the time had come for someone to stand up and take the hit or the fall. He, quite frankly, did not think that I was senior enough to do that and suggested that—I am trying to recall—but had suggested that it was probably going to go up the line, or something like that.

Mr. **Liman**. Did he suggest who else could take the hit?

Mr. **North**. He suggested it might be Admiral Poindexter.

Mr. **Liman**. Because next up to the line from you was Admiral Poindexter, wasn't it, on this matter?

Mr. **North**. Well, after Don Fortier died, that is correct. Don Fortier was the nominal deputy who had been aware, I believe, at least of some of this.

Mr. **Liman**. Well, did you discuss blaming it on Fortier after his death?

Mr. **North**. It would be hard to blame something that was going on in November on a man who died in the summer.

Mr. **Liman**. No, but the original approval.

Mr. **North**. No.

Mr. LIMAN. So that——

Mr. NORTH. First of all, Don wasn't in a position to do those approvals.

Mr. LIMAN. So Director Casey, as I understand it, discussed with you the fact that it just might not be credible for you to take the hit and that it might have to be Admiral Poindexter?

Mr. NORTH. Words to that effect.

Mr. LIMAN. Did he discuss anyone else who might have to take the hit?

Mr. NORTH. No. But he was concerned that the President not be damaged by it, and I shared that belief.

Mr. LIMAN. Now, these conversations with Director Casey took place before November 21, correct? Before and after?

Mr. NORTH. I would guess so, yes. One has to recall that I spent the first part of December, and you now have my——

Mr. LIMAN. November you mean?

Mr. NORTH. I am sorry, the first part of November in very heavy travel. And so did the Director. But my recollection is that we had one conversation early in the month, perhaps during one of my layovers in Washington, and that the next conversations weren't until very much later in the month.

Mr. LIMAN. Well, Colonel, at the time that you had that conversation in early November, you had not yet been told by Admiral Poindexter that he had not told the President, correct?

Mr. NORTH. I was not told that by Admiral Poindexter until the 21st.

Mr. LIMAN. So that at the time you were having your conversation with Casey, you were still laboring under the assumption that the President of the United States knew, correct?

Mr. NORTH. Yes.

Mr. LIMAN. And did Director Casey tell you, "The President doesn't know."?

Mr. NORTH. No.

Mr. LIMAN. And when you and Director Casey were talking about the fact that someone had to take the hit, why did you understand that it was necessary for someone to take the hit?

Mr. NORTH. I think he and I certainly could see that they were going to have a major international, and perhaps—and we obviously do—a domestic political drama—on this thing, and that it would be helpful if someone were, as we had originally planned, when it comes time for this thing to go down the tubes, here is the guy who gets fingered for it.

And, again, none of us, at least certainly not me, and no one I ever talked to, ever imagined that we had done anything criminally wrong.

Mr. LIMAN. And you have testified that the Director was known to you to be a lawyer?

Mr. NORTH. He was indeed.

Mr. LIMAN. He had a reputation, he was a New York lawyer, had a reputation of being a very, very, very, very, very smart lawyer.

Mr. NORTH. Is that a plug?

Mr. LIMAN. Yes, it is.

Mr. NORTH. He was indeed. And it wasn't just his assessment of himself either. Other people——

Mr. **Liman**. But you formed it from the relationship that you had with him, you saw how Casey's mind operated.

Mr. **North**. That is correct.

Mr. **Liman**. It was very quick.

Mr. **North**. It sure was.

Mr. **Liman**. And in these conversations that you were having with the Director, it was clear to you that he was concerned about damage to the President.

Mr. **North**. I think it would be beyond comprehension, counsel, that anyone who served the President, any President, wasn't concerned about that, and that is not from a Republican or Democratic partisan perspective; that is in seeing the President as the Commander in Chief, the Chief Executive and the Head of State. And I think that it is incumbent upon all of the servants in the Executive Branch to have that kind of a concern, not so much for the man necessarily, but for the institution of the Presidency.

I certainly had that, and I know Director Casey had that.

Mr. **Liman**. Now, on the 25th of November—I withdraw that question.

Did you tell Director Casey that you were going to see the Attorney General that Sunday?

Mr. **North**. I had already seen him by the 25th of November.

Mr. **Liman**. That is the 25th. Did you tell him before you saw the Attorney General?

Mr. **North**. I—if I may——

Mr. **Liman**. Mr. Sullivan hasn't objected to your looking at it.

Mr. **North**. I do not believe I talked to the Director that day about that issue. And, again——

Mr. **Liman**. What about the prior day?

Mr. **North**. No, because I didn't know I was going to see him until the 21st. My recollection——

Mr. **Liman**. No, no. Let's get the dates correct then.

Mr **North**. OK.

Mr. **Liman**. You saw the Attorney General on the 23d.

Mr. **North**. On Sunday, the 23d, right..

Mr. **Liman**. And you knew that you were going to see him on the 22d. Is that correct? The Attorney General called for an appointment on the 22d.

Mr. **North**. That is correct.

Mr. **Liman**. Did you speak to the Director after the Attorney General asked to see you?

Mr. **North**. I do not have a recollection of doing that, no.

Mr. **Liman**. Now, when you talked to the Director in October, after the Furmark incident, and in November, did he ever ask you what the memoranda looked like that you had sent up the line and that you either were going to take care of or had taken care of?

Mr. **North**. I don't believe so, because I think, at least on one occasion, I actually went over the memorandum with the Director.

Mr. **Liman**. So he knew what it looked like, that one?

Mr. **North**. Certainly.

Mr. **Liman**. Now, can you recall which transaction was reflected in the memorandum that you went over with the Director?

Mr. NORTH. No. But I have a sense that it was probably the February one, but I don't know why I feel that. I think it may have been the February transaction.

Mr. LIMAN. February one involved 500 HAWKs and then another 500 HAWKs, a total of 1,000 HAWKs, correct?

Mr. NORTH. That's correct.

Mr. LIMAN. And do you recall what occasioned you to go over the memorandum with the Director?

Mr. NORTH. My recollection is—and it is vague because it was a long time ago, it seems—that I was, one, pursuing getting a CIA officer, a particular CIA officer, engaged in the initiative——

Mr. LIMAN. There's only one CIA officer whose name we used with respect to this, and that is Mr. Cave. Is that who you are talking about?

Mr. NORTH. And he is the one. And I—I'm sorry.

Mr. LIMAN. No, I would like you to complete your answer.

Mr. NORTH. My sense is that what Director Casey and I started talking about was getting Mr. Cave, because of his experience in that country and his obvious language ability, so that we had a person who is, besides myself, in the Government of the United States, involved in this and who knew exactly what was being said and with whom I had absolute rapport, and he chose to make some kind of arrangement and I'm not certain what it was, but on a contract basis or consultancy arrangement, bring Mr. Cave back to service.

And it is my recollection that we then had a—I guess it was right after the February transaction, so my date is a little off, but it was at some point in that timeframe when I was trying to get Cave involved and I showed the Director one of those memoranda.

Mr. LIMAN. Colonel, I said 1,000 HAWKs. I meant TOWs, and I think that's what you understood.

Mr. NORTH. I did.

Mr. LIMAN. Colonel, was the memorandum you showed him the memorandum as it existed before you sent it up the line or after it came back?

Mr. NORTH. It was probably before.

Mr. LIMAN. Did the Director in any way caution you about not sending a memorandum that called for Presidential approval?

Mr. NORTH. I don't recall him ever doing that.

Mr. LIMAN. Well, isn't it fair to say that given your strong sense of command, your belief in Director Casey, that if Director Casey said to you to not put the President's name on a memorandum, you wouldn't have done it?

Mr. NORTH. Very true.

Mr. LIMAN. And you continued to put the President's name in terms of having a reference in the memoranda that Admiral Poindexter should seek approval of the President, correct?

Mr. NORTH. That is certainly my recollection. If we could just go to that——

Mr. LIMAN. I'm going to come to it in more detail later, but if you have something you want to say now, you had better say it while you remember it.

Mr. NORTH. Unkind.

Again I would like to make the point that I did not—nor do I know that others did—highlight that aspect of it in those memoranda. And if you will note that the one memorandum that still exists, drafted at some point in April, is five pages long with a four-page attachment and there are only eight lines that refer in those many pages to that specific part of the transaction—and what is very important is that the use—and I know that that is the focus of this investigation—that the use of the funds derived as residuals, as I call them, or you call diversions, was not viewed as the preeminent activity ongoing.

The preeminent activity was to establish a relationship with Iran and all of the other things that would derive therefrom. And that we saw, as Director Casey put it, the ultimate irony in it, as part of this process we could continue to support the desperately needy Nicaraguan Resistance.

Mr. LIMAN. Colonel, you said that you didn't highlight it. It is also true you didn't conceal it in the memorandum.

Mr. NORTH. I don't think I concealed from my superiors anything that I did, and I think the record is very clear in the stacks of paper that you have.

Mr. LIMAN. And the record is very clear, in the memorandum that has survived, that you didn't conceal it.

Mr. NORTH. I did not.

Mr. LIMAN. And, indeed, in a rather hurried inspection, Brad Reynolds spotted it pretty quickly, didn't he?

Mr. NORTH. I don't know how long it took him to find it—they spent many hours in my office that day—nor did they reveal it to me when they found it.

Mr. LIMAN. They revealed it to you the next day, though, didn't they?

Mr. NORTH. Certainly did.

Mr. LIMAN. Now, is the reason that Director Casey asked you after the Furmark incident to get rid of the memoranda because of that one paragraph or two that referred to diversion?

Mr. NORTH. I don't know that that was solely on his mind. I think what the Director was concerned about—and I'm quite sure the Director was concerned that—you have a—and this was the mistake that I made, among others perhaps, depending on your perspective—but the operational mistake was to cross the two operations in the person of perhaps this guy here and the others who are having to carry it out.

Operationally, if you have other alternatives, you don't do that. And I didn't at the time have other alternatives.

Second, I think what Director Casey saw was that there was going to be a major unraveling of the activities. Furmark was part of it, the aircraft shoot-down over Nicaragua was part of it, and that was further compounded by early November when we knew that leaflets were being handed out by another faction within the Government of Iran revealing the May trip by Mr. McFarlane and his party.

Mr. LIMAN. But, Colonel, the Hasenfus shoot-down involved Contra support, correct?

Mr. NORTH. True.

Mr. **Liman**. And Furmark was complaining about the fact that investors hadn't gotten paid out of the proceeds of the sale, correct?

Mr. **North**. No. The problem with the Furmark revelation was that Furmark told him, as I remember it, that Ghorbanifar had already told two Members of Congress that moneys from the sale of weapons to Iran had been diverted to use of the Contras, and those names are in the notebooks that I gave you, sir.

Mr. **Liman**. Well, you gave us a lot of notebooks, and I have not seen those in the notebooks, so I'm going to ask your counsel at a recess to point them out to us.

Do you know what the names are?

Mr. **North**. I don't recall them now, and I sure wouldn't want to be inaccurate on that.

Mr. **Liman**. But the Director was talking about diversion in terms of Furmark.

Mr. **North**. The concerns that the Director addressed to me was that, "Look, you have had the shoot-down of the Hasenfus airplane, that operation is in trouble, Furmark has now come and told me that other people are very aware of the fact that the arms sales to Iran have generated funds that have gone to support the Contras, and it is getting out."

Mr. **Liman**. And did he say that this had been called to Members of Congress who might start an investigation?

Mr. **North**. I don't recall that part of it. But apparently Ghorbanifar had claimed to Furmark that Members of Congress are being made aware, or had been.

Mr. **Liman**. And you, therefore, were told to get rid of memoranda that reflected that?

Mr. **North**. I was told to clean up the files.

Mr. **Liman**. And that meant to you to get rid of memoranda that reflected that, right?

Mr. **North**. Anything to do with the residuals or, as you call, diversion, yes.

Mr. **Liman**. And that meant that you went through your files to make sure that you found the memoranda that referred to the residuals, as you call them?

Mr. **North**. Yes.

Mr. **Liman**. And when you went through the files, do you recall how many you found?

Mr. **North**. The specific memoranda seeking approval?

Mr. **Liman**. Yes, sir.

Mr. **North**. No, I don't. And what I probably found were dozens and dozens of memoranda relating to the residuals and the application to the Contras, among other things. And so, what I am saying—and probably several copies of even the April 1, which I thought I had gotten all of them.

Mr. **Liman**. Well, when you say that there were dozens——

Mr. **North**. All within the five that I sought approval for.

Mr. **Liman**. So, there were copies of the five?

Mr. **North**. Exactly.

Mr. **Liman**. And did you look over them to see whose names were written on them?

Mr. **North**. I think we have already been through this once, counsel.

Mr. LIMAN. You said you didn't recall, and I am asking you whether you looked.

Mr. NORTH. I don't even remember looking. I remember, if there was——

Mr. LIMAN. Well you have answered it, then, you said you did not look. Is that right?

Mr. SULLIVAN. Would you like to answer the question, counsel, for him?

Mr. LIMAN. No, I would like him to keep his answers to the questions, and if that is the answer, then we ought to move on. Is that the answer, that you did not look?

Mr. SULLIVAN. May we have the question, please, Mr. Chairman?

Mr. LIMAN. Did you look to see whose names were written on those memos?

Mr. NORTH. I do not recall looking to see whose names were written on the memos.

Mr. LIMAN. And do you recall looking to see whether they had check marks or initials?

Mr. NORTH. I do not.

Mr. LIMAN. Now, on this day, November 25, did you find time, this is November 25 when you were dismissed, to write out a list of priorities in your notebooks, things that were important to you?

Mr. NORTH. Yes.

Mr. LIMAN. And was that before or after the press conference?

Mr. NORTH. It was after.

Mr. LIMAN. Now, when did you take these diaries out of your office, these steno pads?

Mr. NORTH. My recollection is that most—well, I don't know if it is most—some were already at home, some were still in the office, and I think, if I remember right, all but the last one, and maybe even that, too, left with me on the afternoon of the 25th.

Mr. LIMAN. Now, you have testified over the last few days about the need to maintain operational security in a covert operation, correct?

Mr. NORTH. That is correct.

Mr. LIMAN. You testified that one of the reasons for shredding documents was to even keep them from a successor; is that correct?

Mr. NORTH. A successor to my position at the NSC, yes.

Mr. LIMAN. Is it fair to say——

[Witness conferring with counsel.]

Mr. LIMAN. Mr. Sullivan sees my next question. Is it fair to say that——

Mr. NORTH. He sometimes reads my mind, too.

Mr. LIMAN. Is it fair to say that the steno books that you took home contained very sensitive information?

Mr. NORTH. It is likely with interpretation that the steno books are sensitive, yes.

Mr. LIMAN. Part of the interpretation is your handwriting.

Mr. NORTH. Well, certainly that, but if you are criticizing my penmanship——

Mr. LIMAN. But there are names in those books.

Mr. NORTH. Yes.

Mr. LIMAN. And you indeed uttered a prayer to the committee that we treat these books with sensitivity——

[Witness conferring with counsel.]

Mr. **Liman**. —and respect their security, you did that yesterday as I recall, correct?

Mr. **North**. I did.

Mr. **Liman**. Now, the home that you took these books to is a home that you had a great deal of concern about security for, correct?

Mr. **North**. Yes.

Mr. **Liman**. And can you explain to me, someone who has never been in a position such as yours, as to why you would be concerned about the security of documents locked in an NSC office, subject to all sorts of security regulations and access restrictions, but not concerned about keeping them at home?

Mr. **North**. Well, again, as I said, I may have had a few of them at home, I don't really recall how many, if indeed there were. I removed the rest of them on the 25th, along with several hundred pages of other documents for one purpose, and that was to protect myself.

Because after the press conference, my perspective changed, and it became one of protecting myself, and that was the reason to remove those notebooks from the NSC and take those documents from the White House with me.

Mr. **Liman**. Now, when did you do your shredding before the 25th? Which was the last preceding day in which you did shredding that was out of the ordinary?

Mr. **North**. It is entirely likely that I was shredding documents as late as the morning of the 25th.

Mr. **Liman**. Did the Attorney General, when you met with him on the 23d, ask you to preserve every single document?

Mr. **North**. No.

Mr. **Liman**. Did you, when you returned from your meeting with the Attorney General on the 23d, go to your office and do shredding of documents that day?

Mr. **North**. I honestly don't remember, but I know I shredded documents after that fact. You are talking about after the——

Mr. **Liman**. After your meeting with the Attorney General where he confronted you with the diversion memo.

Mr. **North**. I think what I did, if I remember at all accurately, I—by this time, it was becoming increasingly difficult, in your words. My recollection is that I went back to the White House to try to call Admiral Poindexter on the telephone and he had, on a rare Sunday afternoon, I guess when he could get away with his family, gone to the Redskins game. You plug New York lawyers; I plug the Redskins.

As I recall, he was not yet home, and it was probably then, if I called Mr. McFarlane, that I called him, and probably from the Sit Room. And I would guess that I probably went back to my office at that point and for some time continued to clean up the files.

I would also point out to the committee that I destroyed documents that had absolutely nothing to do with either Iran or the Nicaraguan Resistance, that no longer would be applicable in the event that I was soon to be transferred.

Mr. **Liman**. Do you recall that on Monday morning, the 24th, the shredder was full and overflowing?

Mr. NORTH. I don't remember that it was necessarily Monday, but I do remember that happened at some point, yes.

Mr. LIMAN. Do you remember shredding documents during the lunch hour on the 22d when the representatives of the Attorney General's office had left for their lunch?

Mr. NORTH. I remember shredding documents while they were in there reading documents.

Mr. LIMAN. Shredding them in their presence?

Mr. NORTH. Well I mean, they were sitting in my office and the shredder was right outside, and I walked out and shredded documents.

Mr. LIMAN. More than a few pieces of paper, right?

Mr. NORTH. Pardon?

Mr. LIMAN. It would be more than a few pieces of paper?

Mr. NORTH. That is a pretty high-speed shredder. It eats them pretty quick.

I'm not trying to be light about it. But I mean they were sitting in my office reading and I would finish reading a document and say, "We don't need that anymore." I would walk up and I'd go out and shred it. They could hear it. The shredder was right outside the door.

Mr. LIMAN. I'm not trying to be light about it either.

Mr. NORTH. I'm not either.

Mr. LIMAN. You would go up there and take documents that they had finished reading?

Mr. NORTH. No, no, no. I want to be very clear. They were sitting—I had my office, and you now have a diagram of this palatial basement office on the third floor of the old EOB. It was up on the wall here some place. And the desk that I had was in the corner of my office and then there was a table about this size, and on that table was laid out all of the Iran documents. And I was working at my desk on other things, literally cleaning up files on lots of things. And when I would finish with a handful of documents, I'd walk up, walk past them, walk out the door—you know where the shredder was—turn the corner, turn on the shredder and drop them in.

Mr. LIMAN. Did anyone say to you, "Colonel, what are you doing"?

Mr. NORTH. No, and I didn't think anything of it either. What you've got to understand, counsel, is that I didn't think I had done anything wrong.

Mr. LIMAN. Well, I understand that you——

Mr. NORTH. And I don't think that they necessarily thought that I had done anything wrong. And so an officer who's got a shredder in his office ought to be—if he is not on the telephone or reading or writing documents, and needs to get rid of them, puts them in the shredder.

Mr. LIMAN. The record is that before lunch hour, Mr. Reynolds found the diversion document?

Mr. NORTH. But he didn't tell me.

Mr. LIMAN. I know he didn't he tell you, Colonel, so if you wait for the question, you are going to get your opportunity to answer. I'm not interrupting your answers.

Mr. SULLIVAN. Yet.

Mr. LIMAN. Not at all.

He found that document. He attached significance to that document. And what you are saying is that even after that, which occurred before lunch, you were there taking batches of documents past these attorneys in the Department of Justice and shredding them, and they weren't saying "Stop, we'd like to look. What are you doing? We're concerned." None of that, right?

Mr. NORTH. I'm not trying to leave the wrong impression, counsel. OK?

What I'm saying to you is, I thought, and perhaps they thought, and I'm trying to be in several people's mind at once, is that they were looking for the facts on what had transpired in September and October—November of 1985. All right? And what I was told, they were looking for, I thought was in the files that I gave them.

Let me finish. I was also engaged in a number of other projects of national security importance. The fact that I was shredding documents I don't think would be unusual to them. This was, after all, an office with a shredder in it.

I'm not trying to say that these guys were just letting me willy-nilly go and shred documents. I had a shredder for that purpose. If I finished reading a Top Secret cable of intelligence value, you don't leave those things sitting around your office, you destroy them after you read them. And that is what I was doing.

Mr. LIMAN. Colonel, were you taking single documents over to the shredder or were you taking files over to the shredder?

Mr. NORTH. I was not taking files. I would go through a file. I was sitting at my desk. They were working 10 feet from me. And we would go—they were working on their projects. I was working on mine.

Mr. LIMAN. I want to hear more about it. Go ahead. I am not interrupting.

Mr. NORTH. I don't want—I don't think you ought to accuse them of incompetence, because they stopped a guy from doing his job. That is why the Government of the United States gave me a shredder.

Mr. LIMAN. But your job on that day was to get rid of files, wasn't it? That is what you came in for?

Mr. NORTH. No. That isn't what I came in for. I was working desperately, among other things, and I received two or three phone calls on it to keep the hostages alive. Good grief, we had had this stuff all over the newspapers. The Israelis were calling me every half hour. And I was working with those people. They heard me taking the phone calls.

Mr. LIMAN. Colonel——

Mr. NORTH. I was also in the process of looking after several other action packages that I had to move across the street on totally unrelated issues.

Mr. LIMAN. Colonel, was your work on the phone with the Israelis leading you to shred documents?

Mr. SULLIVAN. Objection.

Mr. NORTH. On occasion.

Mr. LIMAN. Weren't you going through your files to get rid of embarrassing documents?

Mr. **North**. Embarrassing, no. Documents that would compromise the national security of the United States, documents that would put lives at risk, documents that would demonstrate a covert action in the U.S. direction, and control, and relationship to it, yes.

Embarrassing, no. I am not embarrassed to be here, counsel.

Mr. **Liman**. Are you saying, Colonel, that it would——

Are you saying, Colonel, that you thought that allowing the Attorney General of the United States or his representatives to see documents would jeopardize lives?

Mr. **North**. No. What I am saying to you, counsel, is that revelations regarding those documents would destroy lives. Many of the documents that I destroyed that day, prior to that day, and after that day, had absolutely no relationship to the Iranian activities. They had to do with Nicaraguan Resistance activities.

They had to do with counterterrorist operations. Things that were just as this committee has, I think, a scope within which they operate, they were looking for specific Iranian-associated activities. And thus if I had a file of matters pertaining to support for the internal opposition in Nicaragua, or people who I had contacted in Europe and with whom I had worked to get weapons for the Nicaragua Resistance, and sitting there at my desk, I would pull those out, and look at them, and say, "North, if you are not here tomorrow, this doesn't need to be found by anybody."

I would take them over to the shredder and destroy them.

That is what I am saying. It was beyond the pale of their inquiry.

Mr. **Liman**. Colonel, those were files that you had assembled over time, correct?

Mr. **North**. Five-and-one-half years, sir.

Mr. **Liman**. And those were files that had remained secure for 5½ years; is that correct?

Mr. **North**. That is correct.

Mr. **Liman**. And you knew whoever your successor was who would occupy that office would be someone that was selected by the National Security Adviser; is that correct?

Mr. **North**. I did not know that the person who moved into that office would share the same responsibilities or indeed have anything to do with the matters in which I had worked and the documents that existed in the permanent files were all that were necessary to carry on whatever—the activities in which I was engaged, and it was only a part of my work, counsel, in support of the Nicaraguan Resistance, and in support of the Iranian initiative were being terminated.

There was no need to retain those documents.

Mr. **Liman**. Do you deny, Colonel, that one of the reasons that you were shredding documents that Saturday was to avoid the political embarrassment of having these documents be seen by the Attorney General's staff?

Mr. **North**. I do not deny that.

Mr. **Liman**. I think this is a good time for a break, Mr. Chairman.

Chairman **Inouye**. The hearing will stand in recess for 10 minutes.

[Brief recess.]

Chairman **Inouye**. The hearing will please come to order.

Mr. Liman, please proceed.

Mr. **Liman**. Colonel.

Mr. **North**. Counsel.

Mr. **Liman**. Do you remember, Colonel, that in the early morning of—between Sunday night and Monday morning after your interview with the Attorney General that the alarm in your office was tripped because you were there shredding?

Mr. **North**. I don't recall the alarm being tripped, but I do remember being in the office until very, very early in the morning.

Mr. **Liman**. And it is exhibit 155, but if you remember being there until early in the morning, that is enough, and you were there shredding; am I correct?

Mr. **North**. Can we take a look at the exhibit? Does the exhibit say I was there shredding?

Mr. **Liman**. No. The exhibit just says—gives your explanation of what happened; 155.

Mr. **North**. What it is is an indication that the Security Center that the alarm in my office had gone off and that the alarm was cleared, and I was there until 0415 in the morning.

Mr. **Liman**. And the following morning, Miss Browne told us that the shredder was full.

Does that refresh you?

Mr. **North**. I don't deny that. I don't remember that it was. I fully and completely have testified, counsel, that I shredded documents I believe right up until the morning of the 25th when I departed.

Mr. **Liman**. Do you remember at all telling your secretary at one point that you were leaving a document that the Justice Department could have fun with?

Mr. **North**. I do not recall that.

Mr. **Liman**. Do you remember——

Mr. **North**. On what day did I allegedly do this?

Mr. **Liman**. The 21st.

Mr. **North**. I do not recall that.

Mr. **Liman**. If you don't recall it, you don't remember what the document was?

Mr. **North**. I don't recall the conversation nor do I recall the thought. I am not denying that I said it. Those were, as you indicated earlier, counsel, difficult times. Trying to maintain a sense of humor under those circumstances is difficult at best.

Mr. **Liman**. Now, do you recall—and I don't want to belabor this, believe me, but we have to get facts.

Mr. **North**. I am here to give you the facts, counsel.

Mr. **Liman**. Do you recall that on that Saturday when the Justice Department representatives left for lunch that you left the room with Commander Thompson and with a group of documents that you had to shred in the West Wing because your shredder was no longer working? That ring any bell with you, sir?

Mr. **North**. It does not, but I do know that I used the shredder which was identical in the West Wing to mine on a number of occasions.

Mr. **Liman**. Do you recall using it in that period?

Mr. **North**. I don't, but I certainly don't deny it.

Mr. **Liman**. And did you use it when your shredder was full and not operational?

Mr. **North**. I may have, but again, counsel, I am not denying that. I may well have. If someone said that I did, it is entirely likely that I did do that.

Mr. **Liman**. Did you tell Admiral Poindexter that you were going to be shredding documents other than the diversion documents which you had said you had already gotten rid of?

Mr. **North**. Again, I don't recall specifically saying that, but I do recall assuring them on a number of occasions that I had taken care of my files, that I had shredded things, that basically the files were cleaned up.

That was the basic input.

Mr. **Liman**. I want to move to another topic, Colonel.

Mr. **North**. Before we leave that, if we may, counsel. Again, I well recognize that there are certainly people who think it might have been something else, but the efforts to destroy those documents over the course of that period of time beginning in October, I never once believed to be anything criminal at all.

I did not believe that anything I had done to that point was criminal. And I didn't think that it was anything other than preserving the integrity of activities and operations, the lives of people who were out there at stake, the various things that I had done that no longer were relevant.

Some of them were history and never would be done again. Simply didn't need to be exposed in any way.

And one cannot be certain in an expansive answer to your comment that whoever came in—would be chosen by a National Security Adviser—I am not certain that one ought to rest with the assurance that the person that comes in to replace you shares your same values or necessarily shares the same perspective that you have on a number of things.

And I am not saying I have an exclusive view of what is right or wrong. I believe that the things I did were right, and I believe that the lives of the people with whom I worked needed to be protected.

I knew that the successor that was coming in wasn't going to do that.

The CIA was now back actively engaged in support of the Nicaraguan Resistance and the names and addresses and the places and the people with whom I had worked during the period of time in which the CIA was not engaged need not be exposed by anybody.

And I want you to know that that was a lot of what was going through my mind.

Mr. **Liman**. Colonel, since you chose to give that answer, I am not going to leave the subject for a moment.

First, let me make a statement that it will probably provide no comfort to you for you to understand that we are not prosecutors here and we are not here to assess criminal responsibility.

I understand that there is an independent counsel somewhere working in other offices, but you should understand that our assessment is of a different nature.

Mr. **North**. Counsel, I understand that you are saying that. But I have heard members of this committee who have said that I did wrong, that I wouldn't even need counsel or that I wouldn't have abided by my rights under the Constitution, but for the fact that I had done wrong, and I didn't believe it then, and I don't believe it now.

Mr. Liman. Are you saying, sir, that you do not believe that it was wrong to misrepresent facts to the Congress of the United States?

Mr. North. I have admitted that, but I didn't think it was criminal.

Mr. Liman. I am not talking about what was criminal. You just chose the word "wrong." Are you saying, sir, that it wasn't wrong to misrepresent facts to the Attorney General of the United States?

Mr. North. I have testified as to what I believed to be right and wrong before. And you have had that, and it is on the record.

Mr. Liman. Now, Colonel, you have talked about the fact that you didn't know who your successor would be and that is—that was one of the reasons for engaging in all of this activity in the days before you left office.

Correct?

Mr. North. That is correct.

Mr. Liman. The one thing you knew was that people taking tours of the White House couldn't go into your office and look at the files there; right?

Mr. North. Not without the combination of my door.

Mr. Liman. And the other thing that you knew——

Mr. Liman. And the other thing that you knew—— And the other thing that you knew was that the President of the United States, the Commander in Chief whom you respect, revere, and I suspect love, had asked the Attorney General to do a factfinding mission. That's correct, isn't it?

when he told me about the factfinding inquiry on the 21st, that he specified that it was the President who had asked that that be done, but I did come to know that, that is correct.

Mr. Liman. Would it have made a difference to you in your actions if you felt that the Attorney General was proceeding on the specific instructions of the President as opposed to the admiral?

Mr. North. Would what have made a difference? That my actions be any different?

Mr. Liman. Yes, sir.

Mr. Sullivan. Objection. It's a hypothetical question. Pure speculation.

Mr. Liman. You say that you were not sure whether the Attorney General was conducting this inquiry at the request of the President or at the request of the admiral. That's what I heard you say.

Mr. North. No. What I said was, I don't know that the admiral told me on the 21st that the President, at least I don't recall knowing at the time that the admiral told me that this was being done at the request of the President. He may well have told me that.

Mr. Liman. Would you have shredded less documents on the 22d if you had been told that the Attorney General was acting at the specific request of the President, your Commander in Chief?

Mr. Sullivan. Objection.

Chairman Inouye. What is the basis of your objection?

Mr. **Sullivan**. It is pure speculation. Dreamland. It has two "ifs" in it, and Mr. Liman knows better than most, that those kinds of questions, Mr. Chairman, are wholly inappropriate not just because of rules of evidence, not because you couldn't say it in a court, but because it's just dreamland. It is speculation.

He says if you had done this and if you had done that, what about this? Come on, let's have, Mr. Chairman, plain fairness. Plain fairness, that's all we are asking for.

Chairman **Inouye**. May I speak?

Mr. **Sullivan**. Yes, sir.

Chairman **Inouye**. I'm certain counsel realizes this is not a court of law.

Mr. **Sullivan**. Believe me, I know that.

Chairman **Inouye**. I'm certain you realize the rules of evidence do not apply in this inquiry.

Mr. **Sullivan**. That I know as well. I'm just asking for fairness. Fairness. I know the rules don't apply. I know the Congress doesn't recognize attorney-client privilege, a husband-and-wife privilege, priest-penitent privilege. I know these things are all out the window. We rely on just fairness, Mr. Chairman, fairness.

Chairman **Inouye**. We have attempted to be as fair as we can. Let the witness object if he wishes to.

Mr. **Sullivan**. I'm not a potted plant. I'm here as a lawyer. That's my job.

Chairman **Inouye**. Mr. Liman, please proceed with that question.

Mr. **North**. Let me answer it with a hypothetical answer.

Mr. **Liman**. Colonel, you testified when I put a question to you that you did not recall whether the admiral had told you that the President had requested the Attorney General to act. Do you recall that?

Mr. **North**. I do.

Mr. **Liman**. You are the person who volunteered that fact in response to one of my questions. Do you recall that?

Mr. **North**. I do.

Mr. **Liman**. And my question to you was, would that have made a difference? You are the person who surfaced it.

Mr. **North**. Don't get angry, counsel. I'm going to answer your question.

If the admiral had told me that the President had asked the Attorney General to conduct a factfinding inquiry into all of the aspects of what I had done, and that I should tell the Attorney General everything, then I would have done so.

Does that answer your question, sir?

Mr. **Liman**. And?

Mr. **North**. The admiral did not tell me that.

Mr. **Liman**. And if the admiral had told you that, you wouldn't have done the quantity of shredding that you did; is that correct?

Mr. **North**. We can play hypothetical games all night. If the admiral had told me not to shred, I wouldn't have shredded.

Mr. **Liman**. Did you tell the admiral that you were going to shred?

Mr. **North**. Pardon?

Mr. **Liman**. Did you tell the admiral that you were going to shred?

Mr. **North**. I told the admiral that I was cleaning up my files. I told him that well before this began. I assured him on the 21st that I had already done most of it.

Mr. **Sullivan**. Mr. Chairman, may I object, please? There has to be a reasonable limit to questions posed about shredding. How many hours? How many days? How many times?

The Colonel has admitted shredding, I would say conservatively, 125 times. I please respectfully ask, could we move on?

Mr. **North**. I honestly think, and I'm not trying to be light about it, we spent more time talking about it than I spent doing it. I honestly mean that.

I shredded. I was never told not to shred. I shredded because I thought it was the right thing to do. When I didn't have a shredder, I put it in a burn bag and they were burned.

And when the time came that I saw the entire situation change and I was faced with the possibility of being the victim of a criminal prosecution, I then took action to protect myself. I took my notebooks home and I took papers home. And I kept them until I turned them over to you and to the White House.

Mr. **Liman**. Now, let's move on to a different subject. I want to talk about Boland.

You, in your statement today that you read, said that you felt like you had been caught between, in the middle of a constitutional battle between the Executive Branch and Congress over foreign policy prerogatives. Remember that thought?

Mr. **North**. I do.

Mr. **Liman**. We have up on the board the joint resolution, which is called the Boland Amendment, one of them. And I would like you to observe three signatures on it, sir. One of them is Thomas O'Neill, Speaker of the House. The next is Strom Thurmond, who was the President Pro Tem of the Senate, and the third signature is one that you recognize, isn't it?

Mr. **North**. It certainly is, and I hope all Americans do.

Mr. **Liman**. And that's the President of the United States?

Mr. **North**. That's right.

Mr. **Liman**. So this bill here, the Boland Amendment, represented a law passed by Congress and signed by the President of the United States. Correct?

Mr. **North**. That is correct.

Mr. **Liman**. And—

Mr. **North**. A part of a bill, that's correct.

Mr. **Liman**. And you not only have sworn to uphold and defend the Constitution and all of the laws, but you have risked your life to do that. That's fair to say, isn't it?

Mr. **North**. Yes, sir.

Mr. **Liman**. The medals on your chest, which I think all of us respect and know what they stand for, were gained in defending our way of government, correct?

Mr. **North**. Yes.

Mr. **Liman**. You talked very, very eloquently the other day about a democratic outcome in Nicaragua, correct?

Mr. **North**. I tried to.

Mr. **Hyde**. Mr. Chairman, point of order. May I ask a question of staff on this? May I, Mr. Chairman?

Chairman **Inouye**. Please.

Mr. **Hyde**. That exhibit, that is not in the form in which the President signed it, or Strom Thurmond, or Thomas P. (Tip) O'Neill; that is a composite, I believe, part of a huge, large, monstrous continuing resolution with all sorts of things in it. And, of course, the name of the game is, give it to him in October, after the fiscal year is over, and he has to sign it.

So I just kind of think there is a little overreaching here by Mr. Liman as though the President rushed in to his Oval Office to sign the Boland Amendment. That was part of a huge appropriation that is absolutely indispensable to keep government going, that the President has to sign literally with a gun to his head, because that is the way we appropriate. We don't consider these things individually on their merits. We wait until the 11th hour of the 11th minute of the 11th day, and then we give them a huge banquet full of appropriations and say, "Sign it or else."

So it just seems to me, Mr. Chairman, there is a little overreaching here by counsel, and I would just like to register—incidentally, I'm told it was the largest continuing resolution we had ever passed to date. Thirteen appropriation bills were in it. So just a little thought that we put it in context, Mr. Chairman.

Chairman **Inouye**. I thank you for your clarification.

Mr. **Fascell**. I'm sorry to have to do this, and I'm not going to make a speech—but, I don't want to—certainly don't want to be part of an effort to demean the President of the United States that he doesn't know what he is signing, and the witness is smart enough to have already said as part of the testimony that this represents part of a bill, so he is very much aware of what this is all about.

Chairman **Inouye**. And I believe the record should show the President did sign the bill.

Please proceed.

Mr. **Liman**. Mr. Chairman, this blow-up was prepared by the House Committee and, as I understand it, reviewed for fairness by all counsel there and accepted by us. It's been used before without objection, so far as I know.

Mr. **Hyde**. Mr. Chairman, it is not accepted by this member. That is a composite. That is not the way the amendment was signed, and it's a little fractional part of a huge bunch of appropriations, and you are pretending that the President read that and he signed it and he knew what he—I'm sure he knew it was in there. But I'm sure he had to take it. Well, if you are satisfied with that way of appropriating in this Jenkins Hill operation, you can be satisfied with it, but you are not kidding anybody, and I'm not referring to the chairman, I'm referring to whoever dreamed up this composite exhibit, and I thank the chairman.

Chairman **Inouye**. Thank you, sir.

Mr. **DeWine**. Mr. Chairman, could I just ask one additional question? I did not hear an answer from counsel if this was a composite. It looks like a composite to me.

I just want to ask counsel, is that a composite?

Mr. **Liman**. I believe so.

Mr. **DeWine**. Thank you.

Mr. **North**. It is.

Mr. LIMAN. You know it is a composite?

Mr. NORTH. I know well it is a composite. The President's signature——

Mr. HEFLIN. Mr. Chairman, In order to have fairness, I would like to request an enlargement of the Constitution of the way a law becomes a law be put up there.

Chairman INOUYE. I will instruct the staff.

Mr. HYDE. Mr. Chairman, perhaps we can have the whole continuing resolution, of which this was a fractional part, cover the walls.

Mr. LIMAN. Colonel, was the Boland Amendment the subject of some discussion at the White House?

Mr. NORTH. It was.

Mr. LIMAN. It was not something that slipped through; is that fair to say?

Mr. NORTH. The whole issue of the many different Boland proscriptions and amendments and the like were for a protracted period of time a subject of discussion.

Mr. LIMAN. You participated with other members of the NSC in an effort to persuade Congress that it was wrong?

Mr. NORTH. Yes, we did.

Mr. LIMAN. It was a matter of high priority for the President to continue support to the Contras as a way of bringing pressure on the Sandinista Government for which you call democratic outcome; is that correct?

Mr. NORTH. It was frequently the subject of Presidential public pronouncements, his speeches, and the President was indeed concerned that we be able to continue to provide support to the Nicaraguan Resistance.

Mr. LIMAN. And you have no doubt that when the President of the United States signed the appropriations bill, he knew he was signing the Boland Amendment into law, correct?

Mr. NORTH. There is no doubt that at the eleventh hour of that budget action, an appropriations action, that the President was well aware that it was in it. It was also, as I recall, on the second go-around that we had had in the continuing resolutions that year, as we often do, in an effort to pass a budget, that this appeared on the President's desk and that we were running out of time and money, not just for the Nicaraguan Resistance, but for the Government of the United States, as well.

Mr. LIMAN. And you are well aware, sir, that while you served at the NSC, that the President signed some laws which he chose to challenge in courts on grounds of constitutionality, such as the Gramm-Rudman bill.

Mr. NORTH. That's true. But I hope you are not going to engage me in a lawyerly debate.

Mr. LIMAN. You can assure I will not, because I can see Mr. Sullivan is ready.

Mr. NORTH. Sometimes I can read his mind.

Mr. LIMAN. But you understood, sir, that the President signed this and that this was now the law of the land.

Mr. NORTH. Indeed.

Mr. **Liman**. Prior to the time that the Contras ran out of money in the spring of 1984, is it correct that the CIA was providing them with assistance?

Mr. **North**. How far have we gone in admitting to that in this public hearing?

Mr. **Liman**. That can be answered yes or no.

Mr. **Sullivan**. Objection. The problem is it's been answered yes 15, 20 times.

Mr. **Liman**. Then we would have been past this.

Mr. **Sullivan**. Yes, we would have.

Mr. **North**. I am still uncertain, Mr. Chairman, as to what it is that we are supposed to be confirming or denying regarding U.S. intelligence activities. And if you tell me I can answer yes to that question, I will do so.

Chairman **Inouye**. You may answer yes or no.

Mr. **North**. Yes.

Mr. **Liman**. And you then testified that you were given a task of keeping the body and soul of the Contras together, correct?

Mr. **North**. That's correct.

Mr. **Liman**. Whose words are "the body and soul"?

Mr. **North**. As they were relayed to me, they were the words of the President.

Mr. **Liman**. And did you understand those words to mean to keep them together in the field as a fighting force until Congress turned money back on?

Mr. **North**. And more. To keep them together as a viable political opposition, to keep them alive in the field, to bridge the time between the time when we would have no money and the time when the Congress would vote again, to keep the effort alive, because the President committed publicly to go back, in his words, again and again and again to support the Nicaraguan Resistance.

And I not only did that, but I went down and talked, as you now know from my notebooks, with the heads of state of Central American and other countries, with the political leadership of those other countries, in an effort to do just exactly that.

Mr. **Liman**. Now, did the job——

Mr. **North**. And I also believe, sir, that that action, direction to me as a member of the President's staff, was just as legal as that proscription taking away funding.

Mr. **Liman**. And did you understand that that direction was emanating from the President of the United States himself?

Mr. **North**. I did.

Mr. **Liman**. And did I read your expression correctly when you winced yesterday when someone read from the Tower Report that the President said that he didn't know that the NSC staff was helping the Contras?

Mr. **North**. I don't know what you read in my wince. It may have been that my back hurt.

Mr. **Liman**. Well, if I were to read this to you—the President told the board on January 26, 1987, that he did not know that the NSC staff was engaged in helping the Contras, the President—I'm sorry, the board is aware of no evidence to suggest that the President was aware of Lt. Col. North's activities—first, does it come as a surprise to you that the President did not know that the NSC staff was engaged in helping the Contras?

Mr. NORTH. And my answer?

Mr. LIMAN. Your answer, sir.

Mr. NORTH. It's there in the record.

Mr. LIMAN. I'm reading from the Tower Report.

Mr. SULLIVAN. Could we see a copy, sir, to make sure it is accurate?

Mr. LIMAN. I think I can read this correctly.

Chairman INOUYE. While we are studying the document, I would like to advise the Members of the Senate that a vote is in progress at this time.

Mr. NORTH. Your question, sir?

Mr. LIMAN. That your counsel has asked to read what the Tower Board Report says, and it is in the last paragraph on the page. "The President told the Board on January 26, 1987, that he did not know that the NSC staff was engaged in helping the Contras." Take that sentence.

Mr. NORTH. I read it.

Mr. LIMAN. Does that come as a surprise to you?

Mr. NORTH. Yes.

Mr. LIMAN. Now, who was it who conveyed the instructions of the President that you should keep the body and the soul of the Contras together?

Mr. NORTH. Mr. Robert C. McFarlane.

Mr. LIMAN. Over the course of the period that you were at the NSC, you reported, as you have testified, regularly to Mr. McFarlane and Mr. Poindexter, Admiral Poindexter, on what you were doing to carry out this mission, correct?

Mr. NORTH. You have far more than my testimony to confirm that.

Mr. LIMAN. And you also reported to Mr. Casey?

Mr. NORTH. That is correct.

Mr. LIMAN. Now——

Mr. NORTH. And you have more than my testimony to confirm that.

Mr. LIMAN. Is it fair to say—is it fair to say, Colonel, that you were confronted with a dilemma?

Mr. NORTH. When?

Mr. LIMAN. I will explain what it is. And you will either confirm it or not. On the one hand, you were told to keep the Contras alive, including as a fighting force, to run what you called a full-service covert operation.

Mr. NORTH. I didn't call it that.

Mr. LIMAN. Well, to provide them with covert support, including covert support assisting them militarily. And, on the other hand, you had the Boland Amendment there. That present a problem for you, sir?

Mr. NORTH. Is the question did the Boland Amendment create a problem—dilemma?

Mr. LIMAN. No, did you find that you were in a conflicted position, sir?

Mr. NORTH. No. We sought means by which we could comply with Boland and still keep the Nicaraguan Resistance in the field, politically viable and supported diplomatically and politically throughout the world, and I think we found it.

Mr. LIMAN. Did you think that you had found those means, sir, when you recommended to your superiors that they sink a ship called the Monimbo?

Mr. NORTH. I didn't ask my superiors to sink a ship. I asked my superiors for their views and recommendations on dealing with that ship.

Mr. LIMAN. Did you ask your superiors to assist in providing intelligence and other assistance so that that ship could be sunk?

Mr. NORTH. Again, maybe we are misunderstanding each other. If I recall the event, I asked—I proposed several alternatives for dealing with that ship, and I suggested that I do certain things, that the Resistance and others associated with the Resistance do certain things, and if I recall correctly, the ship ended up on its side on the beach.

Mr. LIMAN. Did you believe that you were complying with Boland when you made the recommendation to your superiors which included assisting in the sinking or seizure of the Monimbo?

Mr. NORTH. Indeed, I did.

Mr. LIMAN. Did you believe that you were complying with Boland when you took intelligence from the CIA and passed it to the Contras through Robert Owen?

Mr. NORTH. Yes. And the intelligence that I passed myself personally, and it wasn't all from the CIA, much of it came from the Department of Defense.

Mr. LIMAN. And did you understand at the time that the CIA and the Department of Defense couldn't pass that intelligence directly?

Mr. NORTH. Exactly.

Mr. LIMAN. And you believed that it was compliance with Boland, that it was fulfilling the purposes of Boland for you to take the intelligence from the CIA or the Department of Defense and pass it to the Contras? That is what you are saying?

Mr. NORTH. I am not saying that it was fulfilling the purposes of Boland. I am saying it was working around the problem that Boland would have created in trying to comply with Boland that allowed me to do that.

Mr. LIMAN. Well, another word for working around, for people who have had some Latin, is circumvent. Are you saying that you thought you found a legal way of circumventing Boland or that you found a way of complying with Boland?

Mr. NORTH. I think we found a legal way of complying with Boland.

Mr. LIMAN. Did you believe that you found a way of complying with Boland when you were recommending to your superiors that they solicit money from the current donors?

Mr. NORTH. I don't believe I recommended that my superiors solicit money.

Mr. LIMAN. We will look at those memos, but you have no recollection now of having recommended to Mr. McFarlane that he go back to the current donors, namely Country Two, to get more money in 1985?

Mr. **North**. I may well have, counsel, and if you would show me the document, I am sure it would help to refresh my recollection.

Mr. **Liman**. I certainly will. One hundred forty-nine.

Mr. **North**. Exhibit number?

Mr. **Liman**. One hundred and forty-nine.

Mr. **North**. I remember the memo.

Mr. **Liman**. Colonel North, if you look at your recommendation, it says that the current donors be approached to provide $15 to $20 million additional between now and June 1, 1985.

Mr. **North**. It does indeed read that way, and I did indeed write the memo.

Mr. **Liman**. And did you believe that you were complying with Boland when you made that recommendation?

Mr. **North**. Absolutely, counsel. I see nothing in section 8066 of the joint resolution that in any way deters, prevents, stops, or prohibits me, Mr. McFarlane, or anyone else in the Executive Branch from going to a current donor or a future donor and doing just exactly what is suggested there. And if it had prohibited it, I wouldn't have recommended it.

Mr. **Liman**. And, Colonel, if you look at exhibit 261, which is another of your memos, this one dated May 1, 1985, you will see that there it says "Recommendation: that the current donors be approached to provide the remainder of their $25 million pledge", and then Mr. McFarlane crossed out "and an additional $15 to $20 million between now and June 1, 1985." You wrote that, too, correct?

Mr. **North**. Certainly.

Mr. **Liman**. Now, you said——

Mr. **North**. But again, counsel, what I am saying is there is nothing in what you have so graciously put up on the wall that prohibits that action.

Mr. **Liman**. Now, isn't it a fact, Colonel, that you and your colleagues in the NSC spent a good deal of time formulating a legislative policy that would get permission from the Congress to solicit third countries to support for the Contras?

Is that correct?

Mr. **North**. Yes.

Mr. **Liman**. And do you recall that you wrote memos on that subject reviewing the options for getting congressional legislation?

Mr. **North**. That is correct.

Mr. **Liman**. And do you recall that after these memos recommending going back to the current donors were written, Congress in December 1985 amended Boland to permit solicitation of humanitarian aid; do you remember that, sir?

Mr. **North**. If you say it was in December 1985, I am sure that it must be.

Mr. **Liman**. Well, you remember that the bill was passed, correct?

Mr. **North**. I do.

Mr. **Liman**. And it was, I believe, in December of 1985, well after this.

You remember that, don't you?

Mr. **North**. Yes.

Mr. **Liman**. And so is what you are telling us now that this legislation that you fought to get was superfluous?

Mr. **North**. No.

Mr. **Liman**. Was this legislation legislation that was intended to restrict what you already had the power to do?

Mr. **North**. Not at all.

Mr. **Liman**. You sought this legislation to get authorization for something that somebody in the administration thought you didn't have the power to do; correct?

Mr. **North**. Not necessarily.

As I recall the entire process of trying to restore what became $100 million worth of aid to the Nicaragua Resistance is we took it step by step by step.

As I recall, the instructions were to bite off a little at a time and start moving back toward full support. And the next step in that was to get appropriated $27 million worth of humanitarian assistance and the permission to get full intelligence support and finally, we got back to full $100 million worth of military and political support. Going step by step by step.

Mr. **Liman**. Colonel, this was an additional bite getting the permission from Congress to solicit the humanitarian aid; correct? Using your term, a bite at a time?

Mr. **North**. Yes. And to have people besides the National Security Council be able to do those things. But quite honestly, counsel, I see nothing in either that section of the continuing resolution appropriations nor the Constitution of the United States that in any way prohibits the President or his personal staff from interacting with foreign heads of state as I did, as Mr. McFarlane did, or their representatives to this end.

Mr. **Liman**. Colonel, I want you to know I am not trying to take away a legal position that you may have to urge in court if the independent Counsel brings a proceeding.

Mr. **North**. Let me just say something about that, counsel. If I was that concerned about that outcome, I wouldn't be here right now.

The fact is I sincerely believe that the President of the United States can send his emissaries anywhere in the world to talk to anybody about anything.

Mr. **Liman**. So——

Mr. **North**. And I think the Constitution hasn't been changed since it was written in that he could do that.

Mr. **Liman**. Did you recommend that the President of the United States seek legislation giving permission for the State Department to seek humanitarian aid?

Mr. **North**. Yes. I was one of many who participated in that.

Mr. **Liman**. And at the time you participated in that recommendation, are you telling us you believed that the——

Mr. **North**. Please continue.

Mr. **Liman**. At the time that you participated in that recommendation, are you telling us that you believed that the President of the United States was free to solicit both lethal and humanitarian aid by sending any emissary of his choosing?

Mr. **North**. From his own staff, any emissary that worked inside the 18 acres known as the White House complex. Absolutely no problem whatsoever. And I see nothing inconsistent with asking for legislation to support that and still allowing us to do what we did under Boland.

Mr. LIMAN. Did you or any member of your staff ever tell Congress that you already were free to and were engaging in the solicitation of lethal aid at the time you asked Congress for permission to do restricted solicitation of humanitarian aid?

Mr. NORTH. No. And by the way, my staff was—at that point in time, consisted of me and a secretary.

Mr. LIMAN. Well, did any of your colleagues to your knowledge tell that to Congress?

Mr. NORTH. No, no. Very few of my colleagues knew.

Mr. LIMAN. In fact, the law changed to permit this limited solicitation in December 1985 and you have already reviewed with Mr. Nields the letters that were written in August of 1985 by Mr. McFarlane saying that you weren't engaged in solicitation and that the NSC staff was abiding by the letter and spirit of Boland.

Mr. NORTH. That is correct.

Mr. LIMAN. Now, is what you are telling us today that when you helped in the participation of the letter saying that we are complying with the letter and spirit of Boland, what we are saying is that Boland doesn't apply to us and so we are complying with its letter and spirit?

Mr. NORTH. Exactly.

Mr. LIMAN. And that is what you think is a fair reading of that letter?

Mr. NORTH. Well, I have not denied, counsel, I have admitted that the letters are misleading, evasive, and wrong.

If you are talking about the specific part that we are living within the letter of Boland, absolutely.

Mr. LIMAN. Now——

Mr. NORTH. And as you know, my recommendation all along was to withhold that information.

Mr. LIMAN. But the—your recommendation all along would have been to confront Congress on this, right?

Mr. NORTH. You got it. And if I may, just let me answer that. I think—and I mean no criticism of my superiors or anyone else—but I think as one of the members of this panel has indicated, that we all would have been better served by that confrontation.

Not a confrontation of a lieutenant colonel sitting across from a panel of elected officials of the Government of the United States or even taking it to the Supreme Court in my own defense, but the fact is there should have been that.

But I agree with what one of the members of this panel has said, that that should have been done. But nonetheless, it was chosen to go another way, and I believe that the way we went was legal.

Mr. LIMAN. But your Commander-in-Chief, the President of the United States, chose not to confront Congress on this, correct?

Mr. NORTH. Correct.

Mr. LIMAN. And he chose to settle in December 1985 for a law that permitted restricted solicitation for humanitarian purposes?

Mr. NORTH. As one of the steps to getting back to where we are today.

Mr. LIMAN. And at the time that he was settling for that compromise, the NSC was conducting its operation as if Boland didn't apply to it and as if it could do whatever solicitation it wanted to do; correct?

Mr. NORTH. Certainly.

Mr. LIMAN. And indeed if you did not feel that that was the policy of the President of the United States, you never would have participated in the diversion of the Ayatollah's money, which was getting money from Iran; right?

Mr. NORTH. That is correct.

Mr. LIMAN. And you have made it very clear, and I think it is painful for you, that whatever you did here, you did because you believed that you were carrying out the policy of the administration; fair to say?

Mr. NORTH. Fair to say.

Mr. LIMAN. Now, you are aware, it has been referred to by my friend, Mr. Nields, that Mr. McFarlane said that he considered that the NSC was bound by Boland; correct?

Mr. NORTH. I don't want to——

Mr. LIMAN. You are aware he testified to it. You either saw a summary or you watched him on television?

Mr. NORTH. But, again, counsel——

Mr. SULLIVAN. Let's see the testimony if you want to direct our attention to something, Mr. Liman.

Mr. LIMAN. Fortunately, I am prepared.

Mr. SULLIVAN. I knew you would be.

Mr. LIMAN. Can I read you something? Will you trust me to read this?

Mr. SULLIVAN. If I did, I wouldn't admit it.

Surely. Go ahead.

Mr. LIMAN. It's from Mr. Courter.

"Mr. McFarlane, you testified yesterday morning—yesterday and the day before, about the fact that it was your opinion that the Boland Amendments, particularly the more restrictive of those amendments, applied to the National Security Council; is that correct?"

"Mr. McFarlane. Yes."

"Question: Is that a personal opinion of yours?"

"Answer: Yes, sir."

And there is more testimony to that effect.

You are aware that that is the position he has expressed at these hearings; correct? And if you weren't before, you are now?

Mr. NORTH. Correct.

Mr. LIMAN. And as I understand your testimony, other than in the letters that were sent to Congress in which he said that the NSC was abiding by Boland, you never heard him say that?

Mr. NORTH. I carried out my instructions to the letter, to the very best of my ability, Mr. Liman.

I have said that innumerable times over the course of the last 3 days.

Mr. LIMAN. But can you answer that question? Did you ever hear him say Boland does not apply to the NSC?

Mr. NORTH. I don't recall him saying that.

Mr. **Liman**. You did hear Mr. Casey say that Boland doesn't apply to the NSC?

Mr. **North**. At length.

Mr. **Liman**. Now, is it correct, sir, that you were put in a position in which everybody was eager and content to have Ollie North do whatever was necessary to energize the Contras, to keep them together as a fighting force, to instill democratic values in them, to open up a Southern Front, to promote unity, to provide them with intelligence, to provide them with advice on munitions, to help provide them with that air base in a Central American country.

They were all content and eager for you to do this as long as you didn't create a record pinning it on them?

Mr. **North**. You would have to ask them.

Mr. **Liman**. Well, do you remember, Oliver North, that you had a conversation once with the Chief of the Central American Task Force at the CIA right after Boland was passed and that—I am going to show it to you, if you don't remember—and that you got criticized for being indiscreet in mentioning what you were doing and you were told, "Be more discreet next time," not that you shouldn't do it?

Mr. **North**. I recall the event. I don't recall the time.

Mr. **Liman**. It is an exhibit here. We don't have to go over it.

Mr. **North**. I recall it.

Mr. **Liman**. But that really was the spirit, wasn't it, of it all? Don't infect other people with knowledge——

Mr. **North**. Unnecessary knowledge is the term.

Mr. **Liman**. You do it, you provide the deniable link, you take the rap if it gets exposed? That was what this was all about, right?

Mr. **North**. I have testified to that.

Mr. **Liman**. And it is also fair to say that the people who chose you for this knew and appreciated your qualities?

Mr. **North**. You are asking me to put myself in the minds of other people, counsel. I don't believe that any of those people foresaw the outcome of what has happened. I certainly didn't. I do honestly believe that they expected that Ollie would go quietly, and Ollie intended to do so right up until the day that somebody decided to start a criminal prosecution.

Mr. **Liman**. Colonel, you characterized yourself. You described yourself—you described yourself as an action-oriented person, correct?

Mr. **North**. That is correct.

Mr. **Liman**. You were a person who, I think in your own statement, people would say "Ollie, fix it," right?

Mr. **North**. That is correct.

Mr. **Liman**. And it would get fixed, right?

Mr. **North**. Usually.

Mr. **Liman**. And you could cut through red tape, right?

Mr. **North**. Didn't say that in the statement.

Mr. **Liman**. We understand each other. I have read enough of what you have written.

Mr. **North**. Mr. Liman, let me just say one thing. I think it is important for everybody to understand, I don't believe that people for whom I still have an enormous amount of respect, like Mr. McFarlane or Admiral Poindexter, would have ever placed me in jeopardy of a criminal prosecution. I don't believe that those men, whether or not the President knew, and I don't think the President would have done that. I don't think anybody intended that Ollie North have to endure having his name be the only one appear on the appointment order for an independent counsel.

I think we all saw, I certainly did, that what we were doing was within the limits of the law. But there were great liabilities and they were principally political. That the liabilities included the protection of the lives of other people, some of whom were at great risk and some of whom have died.

Mr. **Liman**. But Oliver North, I hear you saying that if you weren't on the order for the appointment of an independent counsel, if there was agreement that there was no criminal liability here, people would expect you to come before Congress and say, "I did it. It is not their fault. I was that loose cannon."

Mr. **North**. I did do it. I am not, as I said in my statement, at all ashamed of any of the things that I did. I was given a mission, and I tried to carry it out.

Mr. **Liman**. But part of that mission was to shield the others who were giving you the orders.

Mr. **North**. That is the part of any subordinate. Every centurion had a group of shields out in front of him, 100 of them.

Mr. **Liman**. Well, would you agree with this proposition, Colonel: That—and I think you would, because I think those medals represented——

Mr. **North**. No. Those medals represent the heroism of the young Marines that I led. That is what they represent.

Mr. **Liman**. You still have those values, don't you?

Mr. **North**. I never called myself a hero. Those words were used by other people to describe me. I am grateful for those words, but I have never called myself such.

Mr. **Liman**. Colonel, 5½ years in the White House hasn't destroyed those values?

Mr. **North**. Not at all.

Mr. **Liman**. Nor has this investigation destroyed those values?

Mr. **North**. Not in the least.

Mr. **Liman**. And I want to talk about those values, because I think this is important for the American people. That you would agree with the proposition, wouldn't you, that in our desire to promote democracy abroad, including in Nicaragua and elsewhere, we must never sacrifice our democratic values here.

Mr. **North**. I couldn't agree more.

Mr. **Liman**. And that part of those democratic values are that sometimes Congress is going to disagree with the Executive Branch?

Mr. **North**. True enough.

Mr. **Liman**. And sometimes you, as a military officer, are going to disagree with what the President or the Congress decide as a matter of policy, correct?

Mr. **North**. Certainly.

Mr. **Liman**. And you believe very firmly in civilian control?

Mr. **North**. Absolutely.

Mr. LIMAN. And you do not share the view that was expressed and retracted by your secretary that sometimes you must rise above the written law?

Mr. NORTH. I do not believe in rising above the law at all, and I do not believe that I have ever stated that.

Mr. LIMAN. And you haven't.

Mr. NORTH. I have not.

Mr. LIMAN. And when you, Colonel North, had to, in order to protect this operation and your superiors, engage in deception of Congress and deception of other members of the Executive Branch, it was particularly painful for you, in view of the Honor Code that you subscribed to at Annapolis; isn't that so?

Mr. NORTH. That is correct.

Mr. LIMAN. Now, this covert operation that you found yourself in, helping to direct in Nicaragua for the Contras, was a different type from the covert operations that you had observed in your term at the CIA—at the NSC, right?

Mr. NORTH. It was different in perhaps where it was being directed from. We tried to adhere to the normal procedures that one would in the conduct of a covert operation. Indeed, counsel, that is an important reason for why protection was important.

Mr. LIMAN. Well, let's talk about that, because that is what I want to come to.

Mr. NORTH. But what I—what I don't want to do is leave you with the idea that the only thing I was doing was trying to protect my superiors. That is indeed an important part, in terms of plausible deniability.

But part of the destruction and the deception and all the rest of what you have described was to protect those engaged in the operation.

Mr. LIMAN. Colonel North, when the CIA was running this operation, it was running it pursuant to a Finding; isn't that so?

Mr. NORTH. That is correct.

Mr. LIMAN. And so that there is no misimpression, under our law, covert operations are permitted, correct?

Mr. NORTH. That is correct.

Mr. LIMAN. And under our law, which all of us are sworn to uphold, the covert operations are regulated, correct?

Mr. NORTH. Yes.

Mr. LIMAN. And the law provides that the President of the United States must make a Finding, must put his name on the line in permitting a covert operation?

Mr. NORTH. Again, I am not trying to play legal scholar. It is my understanding that there is a requirement for a Finding pursuant to the CIA's conduct of a covert operation in which U.S. funds are to be expended.

Mr. LIMAN. Well, did you understand, Colonel North, that if the President wants to follow the law that Congress passed and that he signed on covert operations, he can sign the Finding and let the CIA do it, and if he wants to do it without signing the Finding, he can let the NSC do it? Is that what you are saying?

Mr. NORTH. Essentially what I am saying—I'm not——

Mr. LIMAN. A fielder's choice?

Mr. **North**. No. I am saying that the President is not precluded by that law, nor is the NSC precluded by that law from conducting the activities that we undertook.

Mr. **Liman**. Did you ever hear the President of the United States express that view?

Mr. **North**. No.

Mr. **Liman**. This was an important matter, providing support for the Contras in terms of the President's policies, correct?

Mr. **North**. The President made innumerable speeches about it. I helped write some of those speeches about it. There is no doubt that aid to the Democratic Resistance in Nicaragua was a very high priority for the President.

Mr. **Liman**. Did you ever see any opinion issued by the chief legal officer of the United States, the Attorney General, saying that the NSC wasn't bound by Boland and could do these things?

Mr. **North**. Did I ever see a determination by the chief legal officer of the United States?

Mr. **Liman**. The Attorney General?

Mr. **North**. I understand who the Attorney General is, counsel. To the effect that the NSC was not bound by Boland, is that the question?

Mr. **Liman**. Yes.

Mr. **North**. No, I did not. But I worked, as I indicated in my statement, directly for two National Security Advisers. They are at the right hand of the President. It is my understanding that the President is still charged with the responsibility of the conduct of foreign policy in this country, and I believed that what we were doing is conducting a covert operation in support of that foreign policy.

Mr. **Liman**. But the difficulty with that, Colonel North, is one of those National Security Advisers has testified, and he said he believed Boland applied and he told that to Congress. And I am asking you, did you ever see an opinion of the Attorney General—and you have answered no. Did anyone ever ask, to your knowledge, for an opinion from the President's counsel, Mr. Fielding and then Mr. Wallison, on this?

Mr. **North**. I believe, counsel, that I sent forward a number of memoranda suggesting various legal opinions from those offices.

Mr. **Liman**. Did you get any back?

Mr. **North**. I don't recall them right now, but I must have generated thousands and thousands of memoranda when I was at the White House, and I don't remember specifically whether I did or not.

Mr. **Liman**. Are you saying that you were looking for opinions from the Attorney General or from the White House counsel?

Mr. **North**. No.

Mr. **Liman**. Then what are you saying?

Mr. **North**. No, I am just saying I generated many memoranda, some of which called for certain opinions from the White House counsel. I don't recall whether I got one back or not.

Mr. **Liman**. You do not, as you sit here today, have any recollection of any legal officer giving you that opinion, other than Sciaroni?

Mr. North. Mr. Sciaroni, who is a member of the Bar, gave us an opinion that indicated that it was legitimate for the National Security Council to pursue these activities.

Mr. Liman. Did you testify yesterday that you felt that the Intelligence Oversight Board had no jurisdiction over the NSC, and you didn't have to give him any facts?

Mr. North. I did.

Mr. Liman. But when you had a favorable opinion from that Board, you were prepared to rely on it, and you didn't want to give him any facts. They had no jurisdiction; is that what it amounts to?

Mr. North. You can call it what you like.

Mr. Liman. And was the first time that you were aware of an Executive order signed by this President requiring Presidential Findings for all covert actions—when it was called to your attention by Mr. Nields?

Mr. North. You are talking about Executive Order 12333?

Mr. Liman. Yes, sir.

Mr. North. I was familiar with Executive Order 12333 before Mr. Nields inquired about it.

Mr. Liman. But your belief was that just as the law signed by the President of the United States on Findings didn't apply if he chose to have the NSC do it, that Executive Order 12333 didn't apply if he chose to have the NSC do it?

Mr. North. That is correct.

Mr. Liman. So, it comes down to the fact that because of your belief that the President is the sole authority on foreign policy, he could do whatever he wanted to? In that field?

Mr. North. Would you repeat that question, please?

Mr. Liman. Does it come down to the fact that from your point of view as the action officer, the staff officer, the person who had to run this covert operation, that if the President wanted it, that was enough?

Mr. North. And was within the limits of the law, that is correct.

Mr. Liman. As you saw it?

Mr. North. Yes.

Mr. Liman. And when the former National Security Officer, National Security Adviser says, "I didn't know anything about this and we were complying with Boland," and when the President of the United States says, "I knew nothing about the NSC staff assisting the Contras," you looked upon that as just another exercise in deniability; is that the fact?

Mr. North. You will have to take that up with them, counsel.

Mr. Liman. I think we can quit for the afternoon session.

Chairman Inouye. The past 3 days have clearly shown the committee the necessity to study some of the documents in closed session. The questions and answers have come very close to exposing classified information, and therefore, I will entertain a motion to go into closed session to study these classified documents.

Mr. Rudman. Mr. Chairman?

Chairman Inouye. Mr. Rudman?

Mr. Rudman. Pursuant to Committee Rule 21, I move the hearing go into closed session because of the necessity to discuss matters which concern classified information, national security, on the confidential conduct of foreign relations.

Chairman **Inouye**. Is there a second?

[Motion was seconded.]

Chairman **Inouye**. There is a second?

However, before proceeding to a vote, is there a similar motion for the House Committee?

Chairman **Hamilton**. Mr. Chairman, I will entertain a motion from Representative Cheney regarding conducting the hearing in closed session.

Mr. **Cheney**. Mr. Chairman, in regard to the sensitive nature of the subject material to be discussed, I move the committee now move into executive session.

Chairman **Inouye**. We have now before us House and Senate motions to close the hearings. Is there discussion from either Senate or House Members before proceeding with the vote?

Hearing none, the Clerk of the Senate Committee will call the role of Senators.

Ms. **Ansheles**. Mr. Mitchell?

Mr. **Mitchell**. Aye.

Ms. **Ansheles**. Mr. Heinz?

Mr. **Heinz**. Aye.

Ms. **Ansheles**. Mr. Sarbanes?

Mr. **Sarbanes**. Aye.

Ms. **Ansheles**. Mr. Heflin?

Mr. **Heflin**. Aye.

Ms. **Ansheles**. Mr. Boren?

Mr. **Boren**. Aye.

Ms. **Ansheles**. Mr. McClure?

Mr. **McClure**. Aye.

Ms. **Ansheles**. Mr. Hatch?

Mr. **Hatch**. Aye.

Ms. **Ansheles**. Mr. Cohen?

Mr. **Cohen**. Aye.

Ms. **Ansheles**. Mr. Trible?

Mr. **Trible**. Aye.

Ms. **Ansheles**. Mr. Rudman?

Mr. **Rudman**. Aye.

Ms. **Ansheles**. Mr. Inouye?

Chairman **Inouye**. Aye.

Ms. **Ansheles**. The vote is 11 ayes, 0 nays.

Chairman **Hamilton**. The question before the House is on the House motion to close the hearing, and the Clerk will call the roll.

Ms. **Rayner**. Mr. Hamilton?

Chairman **Hamilton**. Aye.

Ms. **Rayner**. Mr. Fascell?

Mr. **Fascell**. Aye.

Ms. **Rayner**. Mr. Foley?

[No response.]

Ms. **Rayner**. Mr. Rodino?

Mr. **Rodino**. Aye.

Ms. **Rayner**. Mr. Brooks?

Mr. **Brooks**. Aye.

Ms. **Rayner**. Mr. Stokes?

Mr. **Stokes**. Aye.

Ms. **Rayner**. Mr. Aspin?

Mr. **Aspin**. Aye.

Ms. **Rayner**. Mr. Boland?

Mr. **Boland**. Aye.

Ms. **Rayner**. Mr. Jenkins?

Mr. **Jenkins**. Aye.

Ms. **Rayner**. Mr. Cheney?

Mr. **Cheney**. Aye.

Ms. **Rayner**. Mr. Broomfield?

Mr. **Broomfield**. Aye.

Ms. **Rayner**. Mr. Hyde?

Mr. **Hyde**. Aye.

Ms. **Rayner**. Mr. Courter?

Mr. **Courter**. Aye.

Ms. **Rayner**. Mr. McCollum?

Mr. **McCollum**. Aye.

Ms. **Rayner**. Mr. DeWine?

Mr. **DeWine**. Aye.

Ms. **Rayner**. The ayes are 14, the noes are 0.

Chairman **Hamilton**. And the motion is carried.

Chairman **Inouye**. This hearing will move to room S-407 in the United States Capitol for a closed session. We will stand in recess until that time.

[Whereupon, at 5:05 p.m., the Select Committees proceeded in executive session.]

JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

Continued Testimony of Oliver L. North (Questioning by Counsels)

FRIDAY, JULY 10, 1987

SENATE SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
AND
HOUSE SELECT COMMITTEE TO INVESTIGATE
COVERT ARMS TRANSACTIONS WITH IRAN,
Washington, DC.

The Select Committees met, pursuant to call, at 9:00 a.m., in room 325, Russell Senate Office Building, Hon. Daniel K. Inouye (chairman of the Senate Select Committee) and Hon. Lee H. Hamilton (chairman of the House Select Committee) presiding.

Chairman INOUYE. The joint hearing will please come to order.

Mr. Liman will resume the questioning.

Mr. Liman.

CONTINUED TESTIMONY OF OLIVER L. NORTH, FROM JULY 9

Mr. LIMAN. Colonel——

Mr. NORTH. Yes, sir.

Mr. LIMAN. Did you receive any formal training in conducting covert operations?

Mr. NORTH. No, sir.

Mr. LIMAN. It was all on-the-job training?

Mr. NORTH. That is a good way of putting it, sir. I got a lot of guidance, of course, from Director Casey, who is widely revered as an expert.

Mr. LIMAN. When you were on active duty in the Marines, were you involved in any special operations as they use that term?

Mr. NORTH. Per se, no. The military units I were with, were conventional military units.

Mr. LIMAN. And you served in Vietnam during what period, sir?

Mr. NORTH. 1968 and 1969.

Mr. LIMAN. Now, when you got drawn into the Iranian venture in November in connection with the HAWK transactions, as I understand your testimony, you had conversations with, among other people, Mr. McFarlane, Admiral Poindexter, various CIA personnel, Defense Minister Rabin of Israel, Ministry of Defense people in Israel, and Department of Defense personnel?

Mr. NORTH. This is in November of 1985?

Mr. LIMAN. Right.

Mr. NORTH. Yes.

Mr. LIMAN. And as the transaction was first presented to you at that time, is it fair to say it was presented as a straight arms-for-hostages transaction?

Mr. NORTH. And I don't mean to give a longer-than-necessary answer, counsel, but there had been a number of discussions during the summer with, as I recall, Mr. Schwimmer, Mr. Ledeen, I think eventually Mr. Ghorbanifar at some point during the summer or autumn. In each of those cases, certainly every time I talked with Mr. Ledeen, he always had a vision of a broader objective.

Nonetheless, by the time I became operationally engaged in November, the proposition was put forward at least in terms of the Finding as a straight arms-for-hostages transaction.

Mr. LIMAN. And without taking much time, your notes of the period, November 20, for example, describes 120 HAWKs equals 5 American citizens and a guarantee that no more, and the sentence isn't completed, but that no more would be taken or no more terrorism I assume.

Mr. NORTH. I do recall those kinds of things being discussed. I don't want to commit myself to the fact that it was November 20 without looking at it, but do we have an exhibit number I can——

Mr. LIMAN. Yes, there is an exhibit number. It is exhibit 356. It would have Q-1327 on it. But I can read it. It has, "Iranians hurting for cash." It goes on and says, "120 HAWKs, one, 5 American CITS; two, guarantee that no more." Could you just hand him this, this is—hand him this. This will be easy.

Mr. NORTH. Yes. And again, just to make note of the fact that as I got more engaged in this thing as time went on, I made a definite effort working with Mr. Sporkin and others at CIA to include in a Finding the broader objectives that I thought ought to be there and I think that Mr. McFarlane shared and certainly the President.

Mr. LIMAN. Colonel, when the Finding was done for—in November, it was a Finding that was straight arms for hostages and that described the state of play on the Israeli HAWK transaction; fair to say?

Mr. NORTH. And the previous TOW transaction.

Mr. LIMAN. And the previous TOW one.

Mr. NORTH. Yes.

Mr. LIMAN. And the point I wanted to elicit is that the Tower Board report indicated that this started as a broad initiative and evolved during your period of management of it into a straight arms-for-hostages transaction, and is it fair to say that from the time of your active involvement in November, you found it as an arms-for-hostages transaction and it evolved, or you attempted to evolve it into something that was broader?

Mr. NORTH. Well again, I was—and I am not trying to pass the buck at all, counsel. In the discussions I had and the very first person to address this issue with me, I believe, was Mr. Ledeen. He clearly saw—envisioned the broader objectives. And even though that initial Finding did not articulate that and I think that is probably because of the compartmented nature of the preparation of that initial Finding, it is almost cyclical.

You had an intent back in June-July-August, whenever all that began. The expression of that intent, I think, is flawed in that November Finding, and my effort was in January to get it back on track. And that was certainly shared in the discussions I had with Director Casey, one of which was at his home in the preparation of that second Finding.

Mr. LIMAN. Let's just take it step by step.

You went in December to London with Mr. McFarlane.

Mr. NORTH. That is correct.

Mr. LIMAN. And that was a——

Mr. NORTH. He joined me in London.

Mr. LIMAN. And that was a trip that followed a meeting that Mr. McFarlane had had with the principals of the NSC?

Mr. NORTH. Apparently so, I was not at that meeting.

Mr. LIMAN. Did he tell you about the discussion at that meeting?

Mr. NORTH. In general terms, yes.

Mr. LIMAN. Did he tell you that the Secretary of State, and Secretary of Defense, and the Chief of Staff were opposed to proceeding with the Iranians?

Mr. NORTH. I don't recall mention of the Chief of Staff. I do recall him mentioning specifically that both Secretary Shultz and Secretary Weinberger were not enamored of the proposal. I do not recall him expressing their stringent objections.

Mr. LIMAN. Did he tell you that he wanted to go to London to make his own assessment of Ghorbanifar?

Mr. NORTH. Yes.

Mr. LIMAN. And you were with him when he met with Mr. Ghorbanifar in Nimrodi's apartment?

Mr. NORTH. I was with him when we met with Mr. Ghorbanifar and I know the area of London, but I couldn't give you a definitive ownership of the building.

Mr. Nimrodi was there.

Mr. LIMAN. And is it correct that that meeting was one in which Ghorbanifar was negotiating for a certain amount of TOWs for a certain number of hostages and it was a bargaining by Ghorbanifar of weapons for hostages?

Mr. NORTH. Well, it was that, but it was very typical of the discussions with Mr. Ghorbanifar.

It was wide ranging, rambling, very disconnected in some respects. He clearly mentioned, and I recall it because he is an effusive man, talking about the fact that there were potential openings that could be achieved, talked about terrorism as did Mr. McFarlane in the meeting.

But it was very clear that Mr. Ghorbanifar was trying to establish a price which, as you know from my records, I found to be most unpalatable for a number of weapons for a number of Americans.

Mr. LIMAN. And did——

[Witness conferring with counsel.]

Mr. LIMAN. Did Mr. McFarlane also find that unpalatable that—lives for U.S. arms?

Mr. NORTH. Again, you are asking me to——

Mr. LIMAN. Did he express it?

Mr. NORTH. Yes.

Mr. **Liman**. And in fact, did he not tell you that he was going to recommend to the President of the United States that you have nothing more to do with Ghorbanifar?

Mr. **North**. My recollection is that the outcome of that meeting was that unless we could get beyond Ghorbanifar and establish direct contact with Iranians, that this was probably not going to work in the long run, that we were not going to achieve our objectives.

And I shared that belief. And I think I testified to that yesterday.

Mr. **Liman**. Did you, when you returned from London with Mr. McFarlane, brief the President of the United States?

Mr. **North**. I was in that briefing as I recall, yes.

Mr. **Liman**. And——

Mr. **North**. And I probably made some contributions to it, but my recollection is that Mr. McFarlane and I went to a regular morning briefing with the President. I may be incorrect in that. It was a long time ago.

Mr. **Liman**. Did you also prepare a report on the meeting?

Mr. **North**. I probably did. I prepared papers on almost everything.

Mr. **Liman**. Did you—do you recall telling the President of the United States that if the Iranian venture was discontinued at that time, that the lives of the hostages might be taken?

Mr. **North**. I recall certainly very clearly putting that kind of message forward. I don't necessarily recall saying it point blank to the President that morning, but I very clearly saw that as a possibility. Certainly the Israelis did, and I think, to at least a certain extent, that was shared by the people with whom I worked at the CIA.

Our concern was that having started the route, wisely or unwisely, but having started that in August and September and having a disaster on our hands in November as a consequence of what the Iranians clearly saw as a double-cross, that we had indeed increased the jeopardy to the hostages rather than reduced it. That kind of——

Mr. **Liman**. If you look at exhibit 51, it is a memorandum of December 9 from you to Mr. McFarlane and Admiral Poindexter. It is a December 9 memo, its headed "Next Steps." At page 3, in describing the options, it says, "Do nothing: very dangerous, since United States has in fact pursued earlier Presidential decision to play along with Ghorbanifar's plan. U.S. reversal now in midstream could ignite Iranian fire—hostages would be our minimum losses."

Remember that, Colonel?

Mr. **North**. Yes, I wrote this document. But I think it is important, counsel, to point out that I was presenting forward, as I try to do in most cases, options that we had if we wished to pursue any initiative in getting our Americans back.

Mr. **Liman**. Part of your role was to point out to the President or his National Security Adviser the opportunities and the risks, correct?

Mr. **North**. That is correct.

Mr. LIMAN. And you were pointing out the risks of abandoning further arms sales to Iran in terms of saying that they might take out reprisals on the hostages; isn't that so?

Mr. NORTH. That's correct. At the least.

Mr. LIMAN. Yes. And when you say "at the least," did Ghorbanifar make those threats or was that an opinion that you and some of your colleagues and the Israelis formed?

Mr. NORTH. I don't recall Ghorbanifar making that kind of a threat. Ghorbanifar was obviously in a very difficult situation. He had made commitments on behalf of the Israelis perhaps or others that what they would deliver in December would be responsive to what they had asked for, and he had a big problem on his hands.

At the same time, the Israelis saw their original initiative foundering. I know that Mr. Kimche, with whom I conversed on this both in London and before and after, expressed this kind of a view.

Mr. LIMAN. Now, at the briefing that you had with the President of the United States, did he ask Mr. McFarlane's opinion as to whether you should go forward?

Mr. NORTH. I don't recall that part of the discussion.

Mr. LIMAN. Did you express a view as to whether you should go forward?

Mr. NORTH. If I did—and again, I do not recall that specifically—but if I did, it was to advocate that we do something, that this whole thing not lead to the kind of outcome that is forecast right there.

Mr. LIMAN. Meaning the loss of the hostages?

Mr. NORTH. Exactly.

Mr. LIMAN. Was there any——

Mr. NORTH. And the potential for further reprisals. I think that is important.

Mr. LIMAN. Was there any discussion about the fact that having started down the road of dealing with Iran on arms, we were now becoming hostage to that very process?

Mr. NORTH. I always felt that way, and I think that is articulated in this memorandum.

Mr. LIMAN. And was there any discussion of the fact that if we started selling them arms, that once we stopped we were going to run the risk that more hostages would be taken?

Mr. NORTH. Yes, and there was frequently discussion of that aspect of this whole initiative. But again, and I want to make it very clear. We believed, I believed then and I still believe today, that had we been able to get to a point where we would have had a meeting with, for example, the Vice President and Rafsanjani, which was a proposal I advocated at some point along in here, by virtue of intermediate-level or low-level staff contact like I was going to do. That we could get beyond that risk, and that once you had established the dialogue that we were seeking to establish, that we could in effect start working an outcome to the Iran-Iraq war which would then lead to a reduced need for this kind of thing to begin with. This is important because much jocularity has been created over the fact that I gave a tour of the White House.

Mr. LIMAN. Well I am not joking about it.

Mr. NORTH. I know that, but I would like to say this, counsel. One of my purposes for taking the second channel, who was also a brave young man and also a soldier in his country, through the White House was to show him the Nobel Prize that was won by Teddy Roosevelt. I took him into the Roosevelt Room and I showed him that prize and I said, "This is a Nobel Peace Prize, in fact the first one ever given to an American, and it was given to a President who saw that it was to the advantage of our country and to world peace to sit down in Portsmouth and have a conference with two adversaries, the Russians and the Japanese, who were fighting a war thousands of miles away from us that had no immediate impact on America, and we solved it." And that is what I was talking to the young Iranian about and that is the kind of thing that I was proposing that help us get beyond arms as a liability or arms for hostages.

Mr. LIMAN. Colonel, did you believe that when you were talking to that young man, it was the equivalent of talking to people like Chou En Lai, which Kissinger did?

Mr. NORTH. No.

Mr. LIMAN. Did you not realize, sir, that you were dealing with a country that had very, very strong feelings towards the United States?

Mr. NORTH. Great animus.

Mr. LIMAN. Expressed by a very, very powerful leader?

Mr. NORTH. I knew well exactly what he was and what the leadership represented. I also noted the fact that during the time that we were pursuing this initiative, there were no acts of terrorism addressed against Americans and that the rhetoric from that very strong leader against us was reduced considerably.

Mr. LIMAN. Colonel. Colonel, there is a saying that "failure is an orphan." The committee has heard testimony and will hear testimony that Secretary Shultz was opposed to this venture, the Secretary of Defense was opposed to it. At the meeting on December 7th, the Chief of Staff was opposed to it. Mr. McFarlane said that when he returned from London, he was opposed to it; testified under oath.

Had you become the principal advocate of having this program go forward?

Mr. NORTH. I don't believe I was the principal advocate. Certainly Director Casey was always a supporter of it, because he saw several objectives that could be achieved by it.

And I would simply observe that, like some of my other activities, the opposition that I heard was far more muted while we were doing it than it ever was after it failed or after it was exposed. And I kind of get the feeling, counsel, that there were a lot of people who were kind of willing to let it go along, hoping against hope that it would succeed, and willing to walk away when it failed.

I am not necessarily advocating that that is the way things ought to be, but this was a high-risk venture. We had an established person to take the spear, and we had hoped we had established plausible deniability of a direct connection with the U.S. Government. And I am not necessarily saying that that is a bad thing, that high-risk operations like this or activities like this. It is understandable that people don't complain too loudly while they are happening as long as they can be assured of protection if it goes wrong.

Mr. LIMAN. Colonel, when you said there was an established person to take the spear, again you are referring to yourself? That can be answered I think yes or no.

Mr. NORTH. Yes.

Mr. LIMAN. Mr. McFarlane testified when he was here and when he was shown this memorandum of yours that we just looked at, December 9, 1985, that he was surprised or shocked that you were still promoting this initiative when he was opposed to it. Do you recall him being opposed to it and expressing that opposition at your meeting with the President?

Mr. NORTH. Mr. McFarlane, I recall, expressed concern that unless we got beyond Ghorbanifar that we would not succeed. I shared that.

Mr. LIMAN. Were you told following this meeting with the President that the President wanted to make another try?

Mr. NORTH. I was told to initiate another effort.

Mr. LIMAN. And who gave you those instructions?

Mr. NORTH. Admiral Poindexter.

Mr. LIMAN. Were they given at the meeting—did the President express a position at the meeting?

Mr. NORTH. I don't recall that those instructions were given at the meeting. I was simply told to pursue another initiative, and I did. And I wish to point out that Director Casey was a very strong advocate of this. You have to remember, at the time, we believed that Mr. Buckley was still being held and that we had some indications that he was being tortured, and some of the things we discussed last night were possibly the subject of his torture.

Mr. LIMAN. Wasn't it the fact that you also had information at that time that he was dead, you just didn't know?

Mr. NORTH. We did not know.

Mr. LIMAN. And were you meeting with—did you meet with Director Casey after you returned from London?

Mr. NORTH. I did.

Mr. LIMAN. Did you express your point of view that the hostages would be killed or could be killed, and there could be further reprisals if you didn't go forward with the initiative?

Mr. NORTH. Yes, and I believe Director Casey articulated those same views.

Mr. LIMAN. Was anyone else with you? It is unimportant——

Mr. NORTH. I don't recall. I think Director Casey was on record, my recollection is that there were documents he sent forward which articulated the same view. I am quite confident that I showed him this directive—this memorandum.

Mr. LIMAN. Did Director Casey tell you that he would speak to the President about it?

Mr. NORTH. I don't recall him ever saying that to me. You know, our relationship was not one that I would say, you know, "Mr. Casey, you have got to go to the President and talk to him about this," or that he would tell me about that.

Mr. LIMAN. You talked yesterday about the fact that it is important for the United States to have some constancy in its foreign policy, do you recall that?

Mr. NORTH. That is correct.

Mr. LIMAN. You were aware at this time of Operation Staunch, correct?

Mr. NORTH. Yes, I was.

Mr. LIMAN. And Operation Staunch represented the official United States policy against shipping arms into Iran and Iraq, correct?

Mr. NORTH. That is right.

Mr. LIMAN. And we had a very strong view that we wanted to—not have arms trade taking place there?

Mr. NORTH. That is correct.

Mr. LIMAN. We weren't very successful in stopping it, that is fair to say, correct?

Mr. NORTH. Not in the least.

Mr. LIMAN. But we were still making protests to our allies and friends when we were able to find out that they were shipping, correct?

Mr. NORTH. Generally. Yes.

Mr. LIMAN. And were you told that the Secretary of State and the Secretary of Defense had said that this would undermine the United States' credibility if all of a sudden we became a supplier of arms?

Mr. NORTH. I never heard that during the course of this activity.

Mr. LIMAN. No one brought that to your attention?

Mr. NORTH. Never.

Mr. LIMAN. Was one of the reasons for wanting to have Israel involved so that we could say it was Israel that was selling, and Israel everyone knows sells arms?

Mr. NORTH. Well, Israel was already involved, and we were going to continue to pursue it in such a way as part of the plausible deniability, that is correct.

Mr. LIMAN. And part of the plausible deniability——

[Witness conferring with counsel.]

Mr. LIMAN. Did Mr. Sullivan refresh your recollection where you want to add to the answer, because I am not saying that in criticism, I am saying that so that if there is something that should be added to this record, it should be added.

Mr. SULLIVAN. Next question, Mr. Liman.

Mr. LIMAN. Now, was the point—was the point of view expressed to you that we have to keep Israel involved in this so that it can be blamed on them, if it is exposed?

Mr. NORTH. I don't want to use the word blame. I don't think I ever used it, but very clearly, because this was a covert-operation, a covert activity, to the extent that we could have several layers of plausible deniability, it would serve our purposes.

And because of Staunch and the rest of it, we did not want the U.S. Government's hand or role in this activity exposed, and thus we were, as I said earlier, we tried to mirror the Israeli model, if you will, of as they did. They set up a private citizen in the case of—or citizens, I think they are private citizens, Schwimmer and Nimrodi.

We tried to mirror the same thing when we got engaged in it. To separate the U.S. Government as far as possible from recognizable involvement.

Mr. LIMAN. But you not only wanted the private citizen, in our case General Secord, but you also wanted the Israelis there; is that correct?

Mr. NORTH. That is correct.

Mr. LIMAN. And do you recall conveying that message that Mr. Nields showed you in code to the Israelis asking them if they could live with no comment if it became exposed?

Mr. NORTH. I believe that was their idea, and—we agreed to it. We all agreed that there would be no comment if this activity were exposed.

Mr. LIMAN. I will show you the message if it's necessary, but I can tell you now that the message attributes that to Joshua. You thought when you first saw it that Joshua may have been an Israeli, but we all know that Joshua is number one, the President, right?

Mr. NORTH. That is right.

Mr. LIMAN. Now, you knew from your meetings with the President that he had deep concern for the welfare of these American citizens who were hostages?

Mr. NORTH. He wanted them home.

Mr. LIMAN. Did you tell Mr. Koch of the Defense Department, as he has testified here, that the President was "driving you nuts" to get the hostages back by Christmas?

Mr. NORTH. I don't recall that conversation. A lot of things have been attributed to me that I allegedly said. I don't recall saying that.

Mr. LIMAN. Well were you being pressured to get them back in a hurry?

Mr. NORTH. It was always very clear that our objective was to get as many home as fast as possible.

Mr. LIMAN. That is different from my question. Did the President of the United States ever——

Mr. NORTH. No.

Mr. LIMAN. —ever make statements to that effect to you?

Mr. NORTH. I heard the President say—I mean, the President never turned to me and said, "Ollie, I want them home by Christmas." But the President very clearly articulated in the meetings I was in with him in the Oval Office on this issue, in the meetings that I attended with him with the hostage families, it was very clear that the President wanted as many Americans home, all of them home, as fast as possible.

Mr. LIMAN. Colonel, your notes from January indicate a reference to the fact that you wanted them back in time for the State of the Union message. Do you recall that at all?

Mr. NORTH. I don't, but if you will show me the note, I am sure it will refresh my memory.

Mr. LIMAN. Do you recall any conversations to that effect?

Mr. NORTH. No.

Mr. LIMAN. We will get you that note. Mr. Hakim testified under oath here that you told him that the President was exerting pressure on you to get the hostages back by—in time for the elections in November of 1986.

Mr. NORTH. The President of the United States never told me that, nor did any other person. I may have said that to Mr. Hakim to entice him to greater effort. But I certainly didn't hear that from the President.

Mr. Liman. That was your idea?

Mr. North. Yes.

Mr. Liman. And no one in the administration gave you that idea?

Mr. North. No one, ever. I can assure you, counsel, that the President's concerns for the hostages outweighed his political ambitions or political concerns. They were truly humanitarian, and I don't think it would be right to leave any doubt about that.

In fact, the President was willing to take great political risk in pursuing this initiative.

Mr. Liman. Did you, when you told Hakim this, think it was right to attribute that to the President?

Mr. North. Well, as you have in the tape recordings I made with every meeting I had with the Iranians, I said a lot of things that weren't true. And again, I would have told them they could have free tickets to Disney World or a trip on the Space Shuttle if it would have gotten Americans home.

Mr. Liman. Whose side did you think Hakim was on, the Iranians or ours?

Mr. North. Oh, he is on our side.

Mr. Liman. Did you think that he needed an inducement in order to try to get the deal done?

Mr. North. I think exhausted men who are working very, very hard sometimes need all kinds of inducements.

Mr. Liman. And the inducement that you thought would help him was to say that the President of the United States wanted them back by—by November.

Mr. North. Trying to put a date certain and get them out by then.

Mr. Liman. The message that I was referring to in your notes is, for what it is worth, on page Q–1438 of exhibit 358, and it says, "Try to get results by State of Union—State of the Union." But you have said, as I understand it—if we pass this to him, it is easier to read—Coloñel, you will spare your eyesight if you look at this copy here.

Mr. North. The one you have given me, sir, is a call from Noel Koch, 6300, 1975, once we have agreement.

Mr. Liman. If you keep reading down, you will see the reference if you look at it in the typed form——

Mr. North. Try to get results by State of the Union, right, which was coming up.

Mr. Liman. Who originated that?

Mr. North. Oh, I am sure it was me. It was a date certain that was visible out there.

Mr. Liman. Did you regard yourself as having a political objective?

Mr. North. I have absolutely no political ambitions whatsoever. I can assure you. I am not running for anything, and I am certainly not running from anything.

Mr. Liman. Did you regard yourself as having a political objective for the President?

Mr. **NORTH**. I think everything that is done on the National Security Council staff ought to have some recognition that there are political concerns.

Mr. **LIMAN**. When the decision was made by the President to go forward, once again the NSC turned to Oliver North and said get it done, right?

Mr. **NORTH**. That's correct.

Mr. **LIMAN**. And you found yourself in the middle of having to write a new Finding, clean up the old Finding, right?

Mr. **NORTH**. In early January or late December, somewhere along in that timeframe.

Mr. **LIMAN**. And you worked with Mr. Sporkin on that?

Mr. **NORTH**. Among others.

Mr. **LIMAN**. And ultimately there was a Finding signed on January 6th and then the January 17th Finding. Do you recall that?

Mr. **NORTH**. I do.

Mr. **LIMAN**. Do you recall that the draft that Sporkin gave you, Judge Sporkin gave you, had as options notify the Congress or defer notification of the Congress? Do you remember that?

Mr. **NORTH**. I do.

Mr. **LIMAN**. Who made the decision to not notify the Congress at that time?

Mr. **NORTH**. My recollection is that both options were presented to the National Security Adviser, and I assume the President, and I would assume that the President made that decision.

Mr. **LIMAN**. Did you participate in any briefing of the President on that subject?

Mr. **NORTH**. I do not recall actually sitting down in a meeting with the President. I know that there were several meetings with the President on that issue, and I don't recall specifically being with the President on the final formulation, no.

Mr. **LIMAN**. And then you have been through testimony, which we will not repeat, about all of this scrambling to find a way within the law to do the transaction without notifying Congress, correct?

Mr. **NORTH**. That's correct.

Mr. **LIMAN**. And all of these different strategies and versions of the transactions that Mr. Nields took you through represented an effort to find a way within the various statutes, as interpreted by the Attorney General, to sell the arms without the notification to Congress; that is correct?

Mr. **NORTH**. That's correct.

Mr. **LIMAN**. And on that subject you had the Attorney General giving advice, correct? The Attorney General blessed the form of the transaction?

Mr. **NORTH**. It was my recollection, as I think I testified yesterday, that I actually carried the draft Finding over to the Attorney General. I may be incorrect on that. But my recollection is that I met with the Attorney General and one of his deputies—I believe it was Mr. Jensen—got his approval on the Finding, the procedures we were using, and the Finding was subsequently signed by the President.

Mr. LIMAN. And were you also party to any discussions in which the Secretary of Defense said that he had cleared this with his legal counsel?

Mr. NORTH. I don't recall talking to Secretary Weinberger directly about it. I may have.

Mr. LIMAN. Were you present at any meetings where the Secretary of Defense expressed his objections to the whole transaction?

Mr. NORTH. No.

Mr. LIMAN. Were you present at any meetings at which the Secretary of State expressed his objections to the whole transaction?

Mr. NORTH. Not that I recall.

Mr. LIMAN. Were you told of that, that they were still opposed in January?

That can be answered yes—no, I think.

Mr. NORTH. Yes, I suppose, I had heard that they were opposed, but I did not hear then the stringent objections that have since been indicated.

Mr. LIMAN. You did draft the cover memo, which is exhibit 60, for the January 17 Finding, did you not?

Mr. NORTH. Which exhibit is that?

Mr. LIMAN. It says prepared by Oliver North. It is exhibit 60—exhibit 60 and—it is a memo from Admiral Poindexter to the President. It has the famous, "President was briefed verbally from this paper." Vice President, Don Regan——

Mr. NORTH. Where are we reading from here?

Mr. LIMAN. We are reading from the third page, etc.

That is the cover memo for the Finding. You drafted that.

Mr. SULLIVAN. What page, Mr. Liman?

Mr. LIMAN. Page 3 has it, what I just was reading in handwriting. It says, "Prepared by Oliver L. North."

Mr. NORTH. Yes, I see it.

Mr. LIMAN. And were you present when the briefing occurred, if you recall?

Mr. NORTH. I do not recall.

Mr. LIMAN. And if you look at the first page, it says, in the last lines on the first page, the last four or five lines up, "Because of the requirements in U.S. law for recipients of U.S. arms to notify the U.S. Government of transfers to third countries, I do not recommend that you agree with the specific details of the Israeli plan. However, there is another possibility. Some time ago Attorney General William French Smith determined that under an appropriate Finding you could authorize the CIA to sell arms to countries outside of the provisions of the law and reporting requirements for foreign military sales. The objectives of the Israeli plan could be met if the CIA, using an authorized agent as necessary, purchased arms from the Department of Defense under the Economy Act and then transferred them to Iran directly after receiving appropriate payment from Iran."

You recall that?

Mr. NORTH. I do.

Mr. LIMAN. Do you also recall in this memorandum to the President that you indicated that if all of the hostages were not released after the first 1,000 TOWs were shipped, that further transfers would cease?

That is the next to last paragraph on the page.

Mr. **North**. Yes, it does.

Mr. **Liman**. And do you remember that it was, in fact, the stated policy of the President that he would try to get the hostages back by an initial shipment of TOWs, but if they didn't deliver them all it would stop?

Mr. **North**. That was clearly the intent when this was prepared in January, that's correct.

Mr. **Liman**. And did you in fact receive, in the month or so preceding the Tehran trip, instructions from Admiral Poindexter that there were to be no delivery—there was to be no delivery of arms unless those hostages were released first?

Mr. **North**. I'm sorry, would you say that part again?

Mr. **Liman**. Did you receive instructions from Admiral Poindexter before the Tehran trip that there would be no delivery of arms unless all the hostages were released?

Mr. **North**. I recall that being the specific objective, and I think that was our specific objective in each of these transactions, that we would seek to limit any further transfers unless we got them all home immediately.

But I think it is important to recognize that those of us who were engaged in the endeavor, particularly myself, General Secord, Mr. Cave, recognized that there was probably going to have to be some give and take, and I think that we made every effort to achieve the primary objective, all the hostages home, and then proceed with the initiative in its broader sense as we had originally defined it, but that the Iranians were unwilling throughout—not necessarily just because of Mr. Ghorbanifar, but to proceed apace so that they did not lose all of what they considered to be their leverage.

I do not believe at any point that we had solid evidence, nor do we today—or did we at the point in time when I left, anyway—that the Iranians exercised the kind of total control over the Hizballah in Lebanon that many people imagined. In other words, they, the Iranians, were unable—not just unwilling, but unable—to snap their fingers and cause all of the hostages to be released at any given moment.

Mr. **Liman**. Colonel, who was calling the shots on these negotiations for the United States?

Mr. **North**. On the trip that I went with Mr. McFarlane, clearly he was the chief negotiator.

Mr. **Liman**. And on the instructions that preceded the trip, the authorization as to how far you could go, who called the shots on that?

Mr. **North**. Well, certainly Admiral Poindexter gave the guidance.

Mr. **Liman**. And do you recall—and this is exhibit 276—that Admiral Poindexter sent you a PROF note saying, "You may go ahead and go, but I want several points made clear to them"—meaning the Iranians. "There are not to be any parts delivered until all the hostages are free in accordance with the plan that you laid out for me before. None of this half shipment before any are released crap. It is either all or nothing. Also you may tell them that the President is getting very annoyed at their continual stalling."

And there were other PROF messages to that effect, such as PROF message 277, which is to Mr. McFarlane, which says—this is April 21—here is the update on what we discussed Saturday, blank is the Iranian——

Mr. **North**. I'm missing you on 277, counsel.

Mr. **Liman**. I'm sorry 279.

It says, "Here is the update we discussed on Saturday"—referring to Mr. McFarlane and Admiral Poindexter. It says—and a name is deleted for the Iranian official—"wants all of the HAWK parts delivered before the hostages are released. I have told Ollie that we cannot do that. The sequence has to be: one, meeting; two, release of hostages; three, delivery of HAWK parts. The President is getting quite discouraged by this effort. This will be our last effort to make a deal with the Iranians."

And then it says the next step is a Frankfurt meeting with Ghorbanifar, North, Cave, and the Iranian whose name is blanked out.

Do you remember that those were your instructions?

Mr. **North**. That's correct.

Mr. **Liman**. Is it also a fact that when you were in Tehran the Iranians suggested that they might be able to get two hostages released if you were prepared to proceed on that basis?

Mr. **North**. I recall that. But I also recall testifying to this committee that when we arrived in Tehran, it was evident that Ghorbanifar had lied to both sides, and there were expectations on the part of the Iranians that we were unwilling to meet, and my sense is that they made an effort to compromise based on what they had told Ghorbanifar before we arrived, and Ghorbanifar had not relayed to us.

And the fact is the Iranians took several steps, as best we were able to determine, to make those compromises, given their rather difficult political situation.

Mr. **Liman**. The compromise was two hostages for the arms?

Mr. **North**. For the parts.

Mr. **Liman**. For the parts.

Mr. **North**. Yes.

Mr. **Liman**. The parts were parts for missiles, right?

Mr. **North**. Yes. Technical parts, they were not warheads or anything like that.

Mr. **Liman**. But they were parts that were necessary for those missiles and warheads to go and hit their targets, right?

Mr. **North**. Absolutely.

The point I am trying to make, counsel, is that we were misled by Ghorbanifar and so were the Iranians, and the fact is we had consistently tried to get beyond Ghorbanifar and the Israelis to establish our own direct contact, and when we got there, there was a willingness—the Iranians expected us, by what we were able to determine from them, to have arrived with everything.

And when we didn't have everything—in fact, they kept looking up in the skies for another airplane. And when we didn't have everything, they asked where were the other parts.

Furthermore, I don't believe that the Iranians were ever told by Ghorbanifar that we were expecting all of the hostages to be released that day. They very clearly indicated to Mr. Cave and myself, on numerous occasions, both in the first and the second channel, that that was something that was probably beyond their capabilities and that if all of the hostages were released simultaneously it would be very clear to the whole wide world, which they did not want, that the Iranians were indeed the principal holders of the hostages.

One of our proposals was to take a European who had been engaged in this effort, a humanitarian effort, and have him go to Tehran and have all the hostages received there. And the Iranians said for heavesn sakes the last thing in the world we want is all the hostages here, this is not our doing. These are people who have a philosophical loyalty but not necessarily control in Tehran.

Mr. **LIMAN**. Colonel, given the fact that Ghorbanifar couldn't pass a lie detector test on his own name, it didn't surprise you that Ghorbanifar was acting like a broker, telling each side what it wanted to hear? That wasn't a shock to you?

Mr. **NORTH**. Not at all. But, the level of deception in this particular case was immense.

Mr. **LIMAN**. Now, you also said that it was clear that the Iranians might not have control over all of the hostages; is that so?

Mr. **NORTH**. That is correct.

Mr. **LIMAN**. Now, when the President was giving all of these instructions that we are not going to ship arms to Iran in breach of our own policy, policy Staunch, unless we get the hostages back, did anyone say to the President of the United States that they don't control the hostages?

Mr. **NORTH**. I believe that there are memoranda from me, that were certainly clear indications from Director of Central Intelligence, that we viewed this to be, first of all, a very, very difficult undertaking. It is after all the only one that ever brought any Americans home, and we recognized that.

And if the inference is that I exceeded my mandate, I will dispute that with you. We very clearly tried to present to the President, certainly I tried to present to my superiors, what the facts were as we knew them and we modified the plan sometimes on scene, and sometimes en route, and sometimes in the intervening days between meetings.

Mr. **LIMAN**. General Secord, who was over in Israel, indicated that he thought we should have grabbed the deal for the two hostages. Did you advocate that when you were in Tehran?

Mr. **NORTH**. I don't know what that has to do with this.

Mr. **LIMAN**. Did you?

Mr. **NORTH**. I did.

Mr. **LIMAN**. And you were overruled?

Mr. **NORTH**. I was.

Mr. **LIMAN**. And you were overruled by higher authority?

Mr. **NORTH**. Mr. McFarlane was in charge of the trip.

Mr. **LIMAN**. And Mr. McFarlane was in communication with Washington?

Mr. **NORTH**. And so was I.

Mr. **LIMAN**. And were you told by Admiral Poindexter that the deal is clear, all the hostages have to be released or no more arms?

Mr. **NORTH**. I don't believe I communicated that directly to Admiral Poindexter. I certainly articulated my opinion to Mr. McFarlane. Mr. McFarlane made a decision and I saluted smartly and carried it out.

Mr. LIMAN. Didn't Mr. McFarlane have instructions from the President of the United States on what he could give and what he couldn't?

Mr. NORTH. Apparently so.

Mr. LIMAN. Well, you knew that, didn't you?

Mr. NORTH. I was not present when Mr. McFarlane was briefed by the President.

Mr. LIMAN. But you received these instructions yourself from Admiral Poindexter?

Mr. NORTH. That is correct.

Mr. LIMAN. And you understood that the decisions here were being made in the Oval Office?

Mr. NORTH. That is correct.

Mr. LIMAN. And is this testimony that you are giving now criticism of the fact that the decision was made to stand firm with the Iranians?

Mr. NORTH. I am not criticizing the President's decisions, Admiral Poindexter's decision, or Mr. McFarlane. My role as a subordinate on the NSC staff was to provide advice and input. My advice at the time was to take the two hostages and go home.

Mr. LIMAN. Was the American foreign policy being driven to a great extent by concern about the welfare for these hostages?

Mr. NORTH. Undoubtedly it was, but I viewed, and I think certainly Admiral Poindexter viewed, and in all of my discussions with the Iranians and the Israelis and others, I viewed the hostages as an obstacle. The obstacle had to be overcome like a hurdle before you could proceed on down the track, to use a little allegory.

What I am saying to you is that if we could have gotten beyond the hostage issue, it would have been palatable, publicly, internationally and every other way, to have meetings with high-level Iranian officials, first privately and ultimately publicly, and I viewed it all as a step-by-step process.

Mr. LIMAN. Did there ever come a moment when you asked yourself, Why doesn't the Secretary of State agree with me, why doesn't the Secretary of Defense agree with me?

Mr. NORTH. They don't have to agree with me. I was simply providing advice and input and recommendations and options to my superiors. When they gave me directions, I carried them out. I wasn't asking for the Secretary of State to agree with me.

Mr. LIMAN. Now, Colonel, Mr. McFarlane testified that there was a sense of dejection after this trip and that you told him at the Tarmac in Israel, "You know, not everything worked out so bad. Don't feel so poorly about it. We got some money for the Contras out of the proceeds." Do you remember that?

Mr. NORTH. I don't recall doing it specifically on the Tarmac in Ben Gurion Airport, but I am sure I said it to him at some point in that process.

Mr. LIMAN. You testified that the concept of using the proceeds from the Iranian sale to support the Contras was first suggested, as you recall it, by Ghorbanifar in that either—January or February meeting?

Mr. NORTH. I believe it was a January meeting.

Mr. LIMAN. January meeting. And at the time that he made the suggestion there was a profit built into the transaction. Well, let's do it this way.

The plan that the President had approved involved 4000 TOWs; do you recall that?

Mr. NORTH. I am trying to think if that preceded or succeeded the January meeting.

Mr. LIMAN. The January—I will represent to you that the proposals that are described in the various memoranda, including those that went up the line, were for 4000 TOWs.

Mr. NORTH. OK.

Mr. LIMAN. And you knew, and the documents show this, that the Iranians were prepared to pay to the Secord organization $10,000, whatever Ghorbanifar was going to get, $10,000 per TOW was going to flow to the Secord organization, right?

Mr. NORTH. That is correct.

Mr. LIMAN. And you understood at some point that the Department of Defense was going to charge something like $3500 a TOW, right?

Mr. NORTH. Something like that, because the price seemed to change every time you asked for the price.

Mr. LIMAN. There was, at one point, it was $6000 a TOW and if it was $6000 a TOW, then the gross profit on 4000 TOWs, before expenses of transportation and so forth, would be $16 million, 4000 times 4000. If the price was, as it turned out to be, about $3500 a TOW, then the gross profit was over $25 million.

Mr. NORTH. OK.

Mr. LIMAN. Right?

Mr. NORTH. Yes.

Mr. LIMAN. And so there was, if this transaction went through, going to be a considerable surplus. You understood that?

Mr. NORTH. Yes.

Mr. LIMAN. And is it fair to say, without getting into any of the details, that the surplus was going to be used for the Contras—and I am not necessarily giving the order— for the Contras, it was going to be used to pay the cost of replenishing the 500-odd Israeli TOWs and for some other covert operations of the United States and Israel?

Mr. NORTH. That is correct.

Mr. LIMAN. And did you ever urge the Department of Defense to keep the price down so that the profits would be greater?

Mr. NORTH. I don't recall doing that. I recall trying to get the price accurate. We went through a dickens of a time trying to——

Mr. LIMAN. But you don't recall saying keep it down so we will have even more of a slush fund?

Mr. NORTH. I do not recall that whatsoever.

Mr. LIMAN. Now, do you recall whether the idea of using profit for the Contras actually first came up in a meeting that you had with Israeli supply officials in the United States in or about December of 1985?

Mr. NORTH. I don't recall that. My recollection was that the first time it was specifically addressed was during a meeting with Ghorbanifar. It may well have come up before, but I don't recall it.

Mr. LIMAN. You understood from information you had that the Israeli group, the private group that they were using as their cutout, were making profit, right?

Mr. NORTH. Again, I don't want to be too specific. We knew that somebody was——

Mr. LIMAN. Was making a profit?

Mr. NORTH. —was making a profit. In fact, the first transaction may have been all profit.

Mr. LIMAN. And did you not, in fact, have some suspicion that that profit was being used for some covert purposes?

Mr. NORTH. Yes.

Mr. LIMAN. And when in December you were giving consideration to having the United States replicate the Israeli system, did you not at that point give consideration to the fact that you could use these funds for a covert purpose?

Mr. NORTH. In December?

Mr. LIMAN. Yes, sir.

Mr. NORTH. I don't believe I did. I mean, I have no recollection of that. My clearest recollection, counsel, is that the first time the issue of using residuals came up was during Mr. Nir's visit at the end of December-early January.

I recall that we met New Year's Day or the day after, whatever, in that time period, maybe New Year's Eve, and it was his proposal at that point to use the profits by the arrangement that they envisioned, selling Israeli TOWs at a profit, replenishing them with part of that money, using part of that money for other operations.

Mr. LIMAN. Not the Contras?

Mr. NORTH. I do not believe that he mentioned Contras at that meeting, but my recollection is we began to talk in early January about other joint U.S.-Israeli, and, in some cases, unilateral Israeli operations of a certain kind that we discussed last night.

Mr. LIMAN. Colonel, was it you who raised in December of 1985 with the Israelis the idea of using residuals for the Contras?

[Witness conferring with counsel.]

Mr. NORTH. I have answered the question several times now.

My recollection is that the first time I addressed the issue, or the issue was addressed to me, was in January, I think somewhere around the 20th—it may have been before that—at a meeting in Europe.

I have absolutely no recollection—if you have got something up there that is in my notebooks that I have given you, please refresh me.

Mr. LIMAN. If it were in the notebooks, I would bring it to your attention, Colonel. I am not trying—and I want to make this very, very clear—I am not trying to trap you or to do anything like that. I just want the facts and your recollection. And you have just given it, as I understand it.

Mr. NORTH. That's correct, counsel.

Mr. LIMAN. Which isn't to say that we don't have other information, but I want your recollection and that is all you can give.

Mr. NORTH. I'm giving it to you.

Mr. LIMAN. Now——

Mr. **Sullivan**. Excuse me, counsel. If you have other information, such as a testimony or a statement, perhaps that would refresh the Colonel's recollection as well.

Mr. **Liman**. I asked him the question, and I gather that the statement that I have just made as to whether or not you were the one who suggested it—which I can represent to you is not something that I have pulled out of thin air—whether that refreshes your recollection. And your answer, I gather, is it just doesn't refresh your recollection.

Mr. **North**. It does not.

I had, as you know, a number of discussions with Israeli officials starting in November that carried all the way on through January, when Mr. Nir was introduced to me as the principal point of contact for continuing the operation.

Mr. **Liman**. Colonel——

Mr. **North**. I would kind of like to take credit for it instead of giving it to Mr. Ghorbanifar, but my recollection is it was his idea.

Mr. **Liman**. Now, Colonel North, when the decision was made to use the Secord organization as the vehicle in the transaction—I won't use the word "agent" because I know that you don't like the word, it has legal significance—but as the vehicle in this organization, was there any discussion about the fact that the residual would then be in the treasury of the very organization that was taking care of the Contra resupply?

Mr. **North**. You are talking about back in February when I engaged them? Certainly.

Mr. **Liman**. And when you talked to Director Casey about the fact of using the residuals, was there a discussion that the Secord organization would be in control of this money and that it was the Secord organization that had the responsibility for the resupply of the Contras?

Mr. **North**. By the time the February transaction occurred, which did indeed produce revenues, that was very clearly part of the objective.

Mr. **Liman**. You testified about what you said to Casey on this, which was that, you know, you thought it was a neat idea, and that he was enthusiastic, he said it was the ultimate irony, the ultimate covert operation, words to that effect.

You recall that testimony?

Mr. **North**. I do.

Mr. **Liman**. And you said that he recognized the political risks that would accrue if this was exposed.

Mr. **North**. Well, I'm not sure—when I said that, I don't think I was referring specifically to the linkage between supporting the Nicaraguan Freedom Fighters and the support that was being derived as a consequence of the sales.

I think Director Casey throughout had a recognition of political risk.

Mr. **Liman**. But was it——

Mr. **North**. The things we talked about yesterday on Boland, on dealing straightforward with an Iranian in an effort to get the hostages back, and in an effort to even open up a relationship with the Iranians—I think he saw political risk in all of these.

Mr. **Liman**. Did he discuss with you the political risk of using the surplus or profits from this transaction for covert operations?

Mr. **North**. Did he discuss with me the political risks of using the surpluses for covert actions?

Mr. **Liman**. Yes.

Mr. **North**. Specifically I don't believe so, until well into the activity, like in October when Furmark showed up.

Mr. **Liman**. Did he ever recommend to you that you make sure that you get the approval, through channels, of the President of the United States?

Mr. **North**. I recall no such discussion.

Mr. **Liman**. Now, you also discussed the use of the residuals or profit for the Contras with Admiral Poindexter, correct?

Mr. **North**. Correct.

Mr. **Liman**. And that was before you put it in any memoranda?

Mr. **North**. Yes, I—and I don't recall specifically on this case—but my normal modus operandi on making a proposal such as that would be to go over and sit down with the admiral and talk to him.

And normally the admiral would like to think about it. I mean, the admiral is not a hip-shooter, as I am accused of being.

Mr. **Liman**. A cautious man?

Mr. **North**. I think so.

Mr. **Liman**. A man of prudence.

Mr. **North**. Pardon.

Mr. **Liman**. Prudent? A man who plays by the book?

Mr. **North**. My sense is that he is exactly that, and allow me just make one personal observation—and maybe I have alluded to this before.

You know, there is a long history of rivalry between the services, and he and I are both part of the same Naval service, and even though some of my Marine colleagues might not like to hear this, that is an admiral I would follow up any hill anywhere, and I really mean that, because I think he also saw the necessity of taking risks. And he was willing to do so himself, and he placed himself in jeopardy, and he was the kind of person who recognized the risks, weighed the benefits, and made decisions.

Mr. **Liman**. Did he discuss the risks of using the funds for the Contras with you?

Mr. **North**. Yes.

Mr. **Liman**. What did he say?

Mr. **North**. "This had better never come out." And I took steps to ensure that it didn't, and they failed.

Mr. **Liman**. And did he discuss that with you when you first raised it, "This had better not come out"?

Mr. **North**. I don't recall that specific discussion then. We certainly had it later.

Mr. **Liman**. At the time that you first briefed him on it, did you discuss how much money could be generated for the Contras if the 4,000 TOWs were sold?

Mr. **North**. Oh, I think I did. I think I was probably always too enthusiastic in my projections. In the document that we now have shown the world, I anticipated a residual that was in excess of what was realistic.

Mr. LIMAN. Did you—do you recall how often—how long after you first told him about this orally he got back to you?

Mr. NORTH. No, I don't. I guess it was a matter of weeks—or days or weeks certainly, because by February, we did it.

Mr. LIMAN. Now, you testified that in addition to the oral briefing of the admiral that you have just referred to——

Mr. NORTH. I got myself a little off track—I didn't finish the story.

My normal procedure would be to sit down and talk to him, he would normally say, "Let me think about it, or prepare a memo on it." I would prepare a memo on it. On numerous occasions, I would run that memo by Director Casey before I sent it to the admiral, and I am confident that I did that in this case.

Director Casey would usually look at it and say, "Think about putting this here and that there, or mention such-and-so, you haven't mentioned it."

Mr. LIMAN. He was a good writer?

Mr. NORTH. He was remarkable. I am looking forward to his book.

Mr. LIMAN. Now—you think he is going to cover this in it?

Mr. NORTH. It would be interesting to see.

Mr. LIMAN. Did he tell you he was before he died?

Mr. NORTH. No, he didn't. Not this particular thing. But I watched him write part of that book, and I am looking forward to it.

Mr. LIMAN. Colonel, when you showed him these memos which had that famous line, "suggest you brief the President and get the President's approval—" did he say, "Take that out"?

Mr. NORTH. No.

Mr. LIMAN. Now, you testified, apart from what you have just said about how your practice was of briefing the admiral orally first——

Mr. NORTH. And I don't want to leave you with the impression I always did it that way, but when there was a difficult issue, we would——

Mr. LIMAN. That was your practice?

Mr. NORTH. Yes, sir.

Mr. LIMAN. And you testified that, as I said, apart from orally briefing the admiral—I will get this question out before the recess—you specifically wanted, and I am quoting you, "before proceeding on a matter of this degree of importance to have the President's approval." Recall that?

Mr. NORTH. I am sure I said it, because I certainly felt that way.

Mr. LIMAN. And this was so, even though Director Casey and Admiral Poindexter were in favor of using the profits for the Contras. You still wanted that President's approval, correct?

Mr. NORTH. Yes, but let's not attach too much significance to my proposing that, because it just seemed to me as I was working this issue through that the President ought to have been aware.

Mr. LIMAN. Now, you worked under three different National Security Advisers or four?

Mr. NORTH. Four.

Mr. LIMAN. And you had substantial responsibility under how many of them?

Mr. NORTH. Oh, I guess two. I worked very hard when Judge Clark was there, and——

Mr. LIMAN. Did you have direct contact with Judge Clark, too?

Mr. NORTH. Occasionally. Judge Clark was the one who assigned me to work with the Kissinger Commission.

Mr. LIMAN. And you had, based on your experience, formed an opinion as to what issues should be elevated to the President and which ones don't, is that fair to say?

Mr. NORTH. I would have to be fairly inert not to have figured that out by then. Yes.

Mr. LIMAN. And when you wrote memos, you would sometimes have memos that indicated that you wanted just the approval of the National Security Adviser, and, in other cases, you would indicate that the National Security Adviser should brief the President and get the President's approval, right?

Mr. NORTH. Yes, and occasionally I was reversed on that, and you certainly have documents of mine in which the National Security Adviser has crossed out the line that said "brief the President" or "send the document forward," and he would write on the bottom, "I have taken care of this orally," or things like that.

Mr. LIMAN. Is it fair to say, Colonel, that if the National Security Adviser struck out on one, two, or three memos, that related to the diversion, that you should have the President briefed or get his approval, that you wouldn't keep writing memos with that same tag line?

Mr. NORTH. I can assure you, counsel, that if the National Security Adviser had told me not to do something, anything, I wouldn't have done it.

Mr. LIMAN. Now, I would like to direct your attention to the drafts of this memorandum, because actually, the memorandum that you were surprised to see that day in the Attorney General's office exists in four different copies, and I would like to go over that with you.

Mr. NORTH. Are you criticizing how well I did my shredding?

Mr. LIMAN. Colonel, my eyesight has suffered from reading what you left behind.

Mr. NORTH. I deserved that one. Would you refer me to the exhibit, sir?

Mr. LIMAN. 283 is one, and then 283A, B, and C, and I going to put them in an order for you so that we can take a moment, and I think it is important. Let me show you what I think was the first one. These are all drafts of the same memo.

Exhibit 283C is a memorandum which I am advised that your attorney returned to the NSC, Mr. Sullivan returned to the NSC, and that, if you look at the paragraph on the first page, is typed with "on September 14," do you see the line I am referring to?

Mr. NORTH. I do.

Mr. LIMAN. Then, if you look at 283-B, and 283 itself, because 283-D I believe is just a different copy of it.

[Witness conferring with counsel.]

Mr. LIMAN. They have——

Mr. NORTH. Which is a copy of which now?

Mr. LIMAN. Look at 283-B and 283 next.

Mr. NORTH. Right. Are they not the same?

Mr. Liman. No, because if you look at 283-B, you will see that the 14 on September 14 is crossed out, and 13 is written there, meaning September 13.

Mr. North. Right.

Mr. Liman. On 283 the 14 is crossed out and only 3 is put in, so I believe that they are different in that respect. You will see it clearer if you look at 283-D and compare it with 283.

Mr. North. Got it.

Mr. Liman. Now, so the original draft appeared to have September 14 written on it, then the 14 was stuck out and 13 was written in, and we are told that one of those, at least, is in the writing of Colonel Earl.

Then we have 283-A, in which the typist made the correction and that was taken off and it is typed now September 13, and that was taken off of the disk on Fawn Hall's typewriter by the FBI. So do you follow me?

Mr. North. OK.

Mr. Liman. Now, first, on the first version of this draft——

[Witness conferring with counsel.]

Mr. Liman. Where did you get the copy that your attorney sent back to the NSC?

Mr. North. Let me just make one—you say on the first version. Which first version are we talking about?

Mr. Liman. That would be——

Mr. North. Two-hundred and eighty-three D.

Mr. Liman. That would be 283-C, which is the one with the September 14 typed without the correction to 13.

Mr. North. That is one of the documents that I removed from the NSC on the 25th.

Mr. Liman. And do you know where you found it?

Mr. North. In my files.

Mr. Liman. Now, do you recall the——

Mr. North. I want to make something also very clear.

Mr. Liman. We are going to come into the removal on the 25th, Colonel, so if you want to get into that subject, I think all you will be doing is repeating that if you go into it now, and I think you want to get this over with. So do we.

Mr. Sullivan. Excuse me, counsel. This exhibit is very confusing because it does not bear the stamps, numbers that we placed on the documents at the time that they were returned to the NSC, so we are not sure whether, in fact, these are the documents.

I would like to show you an exhibit that accompanied these documents so at least the record will be straight regarding the circumstances of their return.

Mr. Liman. I can tell you that we were told, Mr. Sullivan, that this exhibit came from the documents that you sent back to the NSC. If you have the actual copy of the document you sent, and it is on it, it's just in the typing here, it is No. 7.

If you will look, 139——

Mr. North. Which one are we looking at, D or C?

Mr. Liman. It has the number, if you look, it's 283-C, which is the one you returned.

Mr. North. OK.

Mr. Liman. You returned it on December 2——

Mr. **Sullivan**. Could you show us a copy with the number stamp that our law firm placed on the records at the time they were returned?

Mr. **Liman**. It is obscured by the declassification stamp.

You see, we had to have them declassified, and it is in the lower righthand corner, and I believe it has the No. 139.

Mr. Sullivan, do you dispute that this is the document that you returned to the NSC? You know what you returned.

Mr. **Sullivan**. I am trying to determine that, Mr. Liman. Without the numbers—if I see the numbers clearly, I can tell you whether it was returned because I believe the only documents in the case that were number stamped by our law firm were the ones that were returned to the NSC accompanying the cover letter on the poster board dated December 2, 1986.

Mr. **Van Cleve**. Mr. Chairman, excuse me here for interrupting. I would like to bring the attention of counsel to the fact that none of the Members can see the document that Mr. Sullivan has put up on the poster board, and I wonder if you might take that into account in your questioning. It is simply not visible from up here on the dias.

Mr. **Liman**. OK. Let me read it to you. It is a letter that Mr. Sullivan wrote on December 2, 1986, in which he said, he addressed it to the NSC to Commander Thompson. He said, "Lieutenant Colonel North is herewith delivering documents to NSC. In order to ensure that the documents are preserved, the pages have been number stamped 1 through 168, inclusive."

The document I have just given you has a 139, 140, 141, and 142 stamp.

Do you want me to read the rest of it?

Mr. **Sullivan**. You might as well for the sake of a complete record.

Mr. **Liman**. It is exhibit 324 in our book and it says "Also delivered are the WHCA Motorola pageboy, the Motorola handheld portable telephone, and the NSC Government Transportation Request," with its number, which I will not read, "issued to Lieutenant Colonel North. Would you please arrange for the return of Lieutenant Colonel North's personal property which is located in his office. He is particularly interested in the prompt return of his Marine Corps uniform items, family photos, and other personal effects. Sincerely yours, Brendan Sullivan, Attorney for Lieutenant Colonel Oliver L. North." Copy to Brenda Rieger.

It is exhibit for members and for others present, it's exhibit 324. And this bears a stamp number within your group.

You got this from your office, is that established now?

Mr. **Sullivan**. Well, our copies are—I can see the No. 13—written over by the stamp, so I——

Mr. **Liman**. Look at the third page and you will see it very clearly 141.

Mr. **Sullivan**. I see 14. It has been cut off.

Mr. **Liman**. Even on the third page.

Mr. **North**. I think the xerox just cut them all off in the right margin.

Mr. **Sullivan**. I think they are all cut off. They do appear to be the number stamps that were placed on at our law firm at the time the documents were returned.

If you are trying to associate the numbers with the date particularly or whether one was prepared before the other, I don't believe that we are able to answer that, of course.

Perhaps Colonel North is able to answer from the text, but not from the numbers.

Mr. **Liman**. Colonel North, do you recall the occasion on which the September 14 was changed to September 13?

Mr. **North**. No, but I can only guess it is because at some point along the line I learned that the Israeli Government had transferred 508 TOWs, not on the 14th, but on the 13th is all I can assume.

Mr. **Liman**. And you try to be precise if you learn something was wrong——

Mr. **North**. To correct it.

Mr. **Liman**. And here you saw the corrections in handwriting and then the last version which has it typed was found on your secretary's typing disc, September 13?

Mr. **North**. Yes.

Mr. **Liman**. And do you know where the actual typed copy of the corrected one is?

Mr. **North**. I would guess it is in the bag of shredded material.

Mr. **Liman**. It is confetti, as we call it?

Mr. **North**. Confetti. I call it that, too.

Chairman **Inouye**. Mr. Liman, is this a good time to call a recess?

Mr. **Liman**. Yes.

Chairman **Inouye**. May I advise Members of the Senate that a vote is pending at this time.

The committee will stand in recess for 10 minutes.

[Brief recess.]

Mr. **Liman**. May I proceed, Mr. Chairman?

Chairman **Inouye**. Mr. Liman, please proceed.

Mr. **Liman**. For the record, Mr. Chairman, exhibit 283 has attached to it a cover sheet which says "Keep this together for me, Iran," and it has the initials of Admiral Poindexter. I believe that that cover sheet was not put on the document originally, but was put on November 25th or so when the—after the document had been found by the Attorney General and shown to various people in the White House. And so while it is part of the exhibit as given to us by the FBI, it was not part of the original draft as found in the office of Colonel North.

Chairman **Inouye**. It will be noted accordingly.

Mr. **Liman**. Colonel North, these exhibits that we looked at, the 283 and so on, said that in the recommendation form that "the President approved the structure depicted above under current situation and that that the terms of reference at Tab A."

Do you recall that?

Mr. **North**. Which one are we looking at? A, B, or C?

Mr. **Liman**. They all have the same paragraph that the President approved the structure depicted above under current situation and the terms of reference at Tab A.

Mr. **North**. Yes.

Mr. **Liman**. As I understood your testimony earlier, that the transaction as described in this exhibit in its various corrected forms changed prior to Tehran—am I correct, that the structure——

Mr. **North**. Yes. This particular transaction was never concluded.

Mr. **Liman**. In that form?

Mr. **North**. That is right.

Mr. **Liman**. And as the structure was changed, you would do other memoranda summarizing the structure in the same form as this one?

Mr. **North**. Yes.

Mr. **Liman**. Is it a fact, sir, that the terms of reference were, in fact, approved by the President, either this or the ones that you attached to later memos?

Mr. **North**. Yes, the—and I do not know if it is this particular version of the terms of reference. But we did have a memo very similar to this that we carried with us to Tehran that had been, I was told, approved by the President.

Mr. **Liman**. And the terms of reference were transmitted to Admiral Poindexter for the President in——

Mr. **North**. —Memoranda similar to this——

Mr. **Liman**. —Memorandum similar to this one?

Mr. **North**. That is correct.

Mr. **Liman**. You have testified, and we don't have to belabor it, but since the originals of these memoranda that referred in one paragraph or so to the use of proceeds have been destroyed, you have no way of recalling which boxes were checked; is that correct?

Mr. **North**. I do not. I do not recall.

Mr. **Liman**. But you did do a series of memos after this on other aspects of the Iran initiative which you passed up to Admiral Poindexter for Presidential approval, do you recall that?

Mr. **North**. I am not sure I understand the question.

Mr. **Liman**. Well, look at exhibit—I would like you to look and I think have we put—we are going to put in front of you just out of the exhibit books so you don't have to wander through them all, exhibits 296, 297, 302, 303.

You see those documents?

Mr. **North**. OK.

Mr. **Liman**. 296 was a memorandum that you sent to John Poindexter and it is "Next Steps on American Hostages," and it describes the release of Father Jenco and the shipment of the balance of the HAWK parts.

I am not sure you were able to hear the question.

Mr. **North**. Please.

Mr. **Liman**. I said this memorandum of July 29, 1986, describes the release of Father Jenco describes the shipment of the remaining HAWK parts that were owed to the Iranians.

And if you look at your last paragraph, it has a recommendation. Recommendation that you "brief the President regarding our conclusions on the Jenco release as indicated above, and obtain his approval for having the 240 HAWK missile parts shipped from Israel to Iran as soon as possible, followed by a meeting with the Iranians in Europe." Do you see that?

Mr. NORTH. Yes.

Mr. LIMAN. And there is a check under "approve," J.P.

Mr. NORTH. Yes.

Mr. LIMAN. And a date.

Mr. NORTH. Right.

Mr. LIMAN. Then it says, "President approved," with J.P.'s signature?

Mr. NORTH. Yes.

Mr. LIMAN. Now, this is a document that referred to the shipment of the HAWK parts that had been paid for in May, correct—the balance of the HAWK parts?

Mr. NORTH. Let me just think now where we are in the chronology of events. I believe that the HAWK parts were indeed paid for in May.

Mr. LIMAN. And because the hostages weren't released and that mission aborted, you did not ship the rest of the HAWK parts?

Mr. NORTH. That is correct.

Mr. LIMAN. And then after Father Jenco was released, you delivered the balance or some of the balance of the parts, correct?

Mr. NORTH. I believe that is correct, yes.

Mr. LIMAN. And there was no money that was going to flow from that shipment of the HAWK parts because they had already been paid for, correct? You remember that?

Mr. NORTH. I believe they had been, yes.

Mr. LIMAN. And this memorandum therefore doesn't discuss the use of proceeds?

Mr. NORTH. I don't—I can't tell from——

Mr. LIMAN. I can tell you, I will represent that to you.

Mr. NORTH. Do you know what was under the black stuff?

Mr. LIMAN. Yes, I do.

Mr. NORTH. OK.

Mr. LIMAN. It was sensitive classified material that I think you would appreciate should have been blacked out.

Mr. NORTH. Oh, I understand. I just did not recall what was underneath it. In fact, I was a little curious.

Mr. LIMAN. It has the approval J.P. and it indicates the President approved.

Mr. NORTH. It does.

Mr. LIMAN. And this memorandum was preserved and it is a System 4 document, you notice?

Mr. NORTH. I do. I don't want to attach any particular significance. There were other documents that were preserved that I didn't know were preserved.

Mr. LIMAN. Another one that was preserved is exhibit 297, which is a memorandum dated June 27—rather July. There is a cover—there is a first sheet which says June 27, but then there is a memorandum of July 26 which asks permission for you to travel to Frankfurt and do other things in connection with the Jenco release. You see that memo?

Mr. NORTH. I do. I am not quite sure I understand what that—this is an unusual format for me to be sending something to—forward—in that normally the first thing underneath this sheet right here, would have been this sheet right here.

Mr. LIMAN. It would have been the second sheet?

Mr. NORTH. Yes.

Mr. LIMAN. But the way in which we got papers from the NSC, which is the way we have kept them together, had this attached and that may have just been in the way they did their production to us.

But if you look at your July 26 memo, you again said that recommendations that you initial and forward your memo to President at Tab 1. You prepared a memo for Admiral Poindexter for the President.

Mr. NORTH. If I can, just one second, counsel. I believe that the memo that is right beneath the cover sheet—this is a standard NSC cover sheet——

Mr. LIMAN. Right.

Mr. NORTH. I believe that this memo right here is probably a KL-43—I am trying to figure out what it is, but it looks to me like a KL-43 message back to my office that was then typed and probably put in an envelope and sent to or given to Admiral Poindexter. I am guessing.

Mr. LIMAN. However, the file——

Mr. NORTH. But what I am saying——

Mr. LIMAN. I mean, people handled it. If you look at the actual System 4 document, which is a memo from you to Admiral Poindexter enclosing a memo from Admiral Poindexter to the President outlining certain aspects of the Jenco release, and again you asked that he forward it to the President, and you have a note that indicates—from Admiral Poindexter that he briefed the President on the secure phone and the President approved.

Mr. NORTH. I do not see the note that the President approved.

Mr. LIMAN. Do you not see on page—on the page of the July 26, the first sheet, July 26, 1986, a note 7/26/86?

Mr. NORTH. I see it.

Mr. LIMAN. "Briefed President on secure phone. President approved."

Mr. NORTH. Understood. I was looking too far ahead.

Mr. LIMAN. And then, if we look at the exhibit 302, which is the September 8, 1986, memo from you to Admiral Poindexter, again it says, has a recommendation to Admiral Poindexter that "you use the attached papers in discussing our next steps with the President." You see that?

Mr. NORTH. Yes, I do.

Mr. LIMAN. That also has an approved mark by the admiral or by someone?

Mr. NORTH. I do not know that that is necessarily the admiral. There is a check mark in the box, but as you have seen, the admiral normally put his initials.

Mr. LIMAN. Do you know anyone who was just forging his check marks?

Mr. NORTH. No, I don't know.

Mr. SULLIVAN. Counsel, I don't know whether you can forge a check mark.

Mr. **Liman**. Do you know anyone who was putting check marks for Admiral Poindexter without his authority?

Mr. **North**. I do not.

Mr. **Liman**. Now, do you have any reason to believe that Admiral Poindexter didn't put the check mark on this document that was delivered to us by the NSC?

Mr. **North**. Counsel, I have no idea who put the check mark. It is a memorandum from me to Admiral Poindexter. There is a check mark in the "approved" box. As I just indicated to you, in almost every other document I got from the admiral there was a JP.

Mr. **Liman**. Now look at the next one, exhibit 303.

Again, you have recommendations. One is that he discuss something with Director Casey relating to Mr. Nir and the Iran initiative.

Mr. **North**. Yes.

Mr. **Liman**. And the second is that you brief the President on the initiative outlined on tab 3.

Mr. **North**. Initiatives, plural.

Mr. **Liman**. Initiatives, I'm sorry.

Mr. **North**. I believe these are the ones we talked about last night.

Mr. **Liman**. And there again, there is approved, J. Correct?

Mr. **North**. Yes, JP.

Mr. **Liman**. JP and these initiatives, were these initiatives that were going to be funded out of the residuals?

Mr. **North**. Yes.

Mr. **Liman**. And then we have exhibit 311, and that is another next-steps memo from Oliver North to Poindexter, right—to Admiral Poindexter?

Mr. **North**. Yes.

Mr. **Liman**. And here again you are asking for travel authorization, you were asking for him to have the President inscribe the famous Bible and do a letter to Prime Minister Perez.

Mr. **North**. That's correct.

Mr. **Liman**. And it is fair to say that the admiral indicated his initials where he approved.

Mr. **North**. That's correct.

Mr. **Liman**. And on one of them where it says that you tell Director Casey to prepare an appropriate intelligence package, there is no notation of approval or disapproval.

Mr. **North**. That's correct. There was also a notation on the fourth point for talking points for use by Copp with Nir.

Mr. **Liman**. And that says JPC.

Mr. **North**. Right.

Mr. **Liman**. Now—so it was not unusual for you, when you were dealing with the Iran initiative, to get back memoranda from Admiral Poindexter indicating that he had accepted the recommendation and had briefed the President?

Mr. **North**. That's correct. But it was also not unusual to have initiatives that were not sent back, memoranda on initiatives that were not sent back, and I tried to make that clear yesterday.

Mr. **Liman**. As you sit here today, are you in a position to say that every single one of the five memoranda that you sent to Admiral Poindexter referring to the use of the residuals for the Contras was not sent back?

Mr. **North**. No, sir, I did not say that yesterday, and I don't say it today.

Mr. **Liman**. And——

Mr. **North**. I also told you that I admitted an effort to destroy all those.

Mr. **Liman**. Now, is it also correct——

Mr. **North**. And I also indicated the reason why I destroyed those.

Mr. **Liman**. Now, Colonel, did you also participate in a number of briefings of the President on the Iran initiative?

Mr. **North**. I'm sure that I did. I wouldn't care to characterize how many it was, but I met with the President a little bit more often than some people say, less than others.

Mr. **Liman**. How many times would you approximate that you met with him in 1986 to discuss the Iran initiative?

Mr. **North**. At least three.

Mr. **Liman**. And is it fair to say that at none of those meetings was there any discussion of the use of the proceeds for the Contras?

Mr. **North**. I do not recall ever discussing with the President the use of the residuals to support the Nicaraguan Freedom Fighters.

Mr. **Liman**. Now, at the meetings that you had with the President, was Mr. Don Regan present?

Mr. **North**. There was always someone else present. I wouldn't say that Mr. Regan was necessarily always there. Certainly there was always someone else there.

Mr. **Liman**. In addition to the meetings that you had with the President on the Iran initiative, did you also have meetings with the President and others—because you have said that someone was always there—on Contra support?

Mr. **North**. Sure. I mean, we had National Security Planning Group meetings on that issue.

Mr. **Liman**. And did you in addition to those meetings, have meetings with him and the National Security Adviser to talk about the status of the Contras?

Mr. **North**. Yes, but, you know, it was not unusual, particularly when Mr. McFarlane was National Security Adviser, to have that be the subject of a morning briefing at 9:30.

Mr. **Liman**. That would be the 9:30 briefings?

Mr. **North**. That is correct.

Mr. **Liman**. And would you be asked to do the briefing?

Mr. **North**. Occasionally.

Mr. **Liman**. And do you recall what topics you discussed?

Mr. **North**. It would usually be the hot issue of the day, inevitably it would focus at some point on the need for additional congressional funding.

Mr. **Liman**. Would it discuss what the financial condition of the Contras was?

Mr. **North**. As the memoranda that I sent forward did.

Mr. **Liman**. Do you recall that at the time that you were involved in the Iran initiative and the Tehran visit that the Contras were running out of money?

Mr. **North**. Yes.

Mr. LIMAN. And there are a whole series of exhibits which were in Mr. Nields' exhibit book, but which he did not go over, but I think I can point them out to you, and then move on to the question, exhibit 3—4—it is the first book.

Exhibit 3 was a KL–43 message on April 21, 1986 to you from Mr. Secord indicating that they were running out of money. "Current obligations over next few weeks nearly wipe us out except for CD."

Mr. NORTH. Right.

Mr. LIMAN. Incidentally, did you know what the CD was for?

Mr. NORTH. It was a, as I understood it, a $2 million allocation set aside for insurance of aircraft that were not ours, they were the property of another government.

Mr. LIMAN. Who told you that?

Mr. NORTH. I am quite confident it was General Secord. It could also mean, and I don't know the value of that particular CD, but as I testified last night, I had frequently told General Secord to set aside moneys for other activities, and I think it is important you note when in my discussion with Mr. Nir going all the way back to January, Mr. Nir indicated the desire to use the residuals for other activities, and as I testified last night, I often did not reveal to General Secord or any others aside from my superiors when I was apprising them of the planned Israeli operations, that those moneys were specifically for those purposes.

I also indicated that I tasked General Secord frequently to provide on short notice other support for other operations.

Mr. LIMAN. If you look——

Mr. NORTH. And thus, the bottom line of all this is I don't recall at this point here 2 years later, or a year later, what the specific CD reference is.

Mr. LIMAN. If you look at exhibit 4, which is an April 21, 1986 memorandum, it is a PROF note actually to McFarlane, and I can read to you from the second paragraph, it says, "There is great despair that we may fail in this effort—" referring to the Contra support—"and that—and the Resistance account is darn near broke. Any thoughts where we can put our hands on a quick $3 to $5 million? Gaston is willing to go back to his friends who have given $2 million so far, in the hopes that we can bridge things again."

And in fact as you understood it, the Resistance account was darn near broke at that point?

Mr. NORTH. That is correct.

Mr. LIMAN. And when you indicated that Gaston was willing to go back to his friends, that is Gaston Sigur?

Mr. NORTH. That is correct.

Mr. LIMAN. Does that refresh you as to whether you knew who those friends were at that point?

Mr. NORTH. Those were the friends that I had already met with.

Mr. LIMAN. And does it refresh you that you knew they had already given $2 million?

Mr. NORTH. Certainly.

Mr. LIMAN. Now, on exhibit 5, which was a note from you, again a PROF note, again you talk about the—you say that the weekend's trip to Central America is the most depressing venture in 4 years of working the Central American issue. And you describe your anxiety that Congress won't act in time.

That really did reflect your point of view at that time?

Mr. **North**. It certainly did.

Mr. **Liman**. Was that really—did it not only reflect your point of view, but was that a state of anxiety that existed in the White House at that time?

Mr. **North**. I think it was not only in the White House, it reflected the sense of the Central American leaders with whom I visited, it reflected the sense of the Nicaraguan Resistance. I would like to just point out that one of the sentences in there is that "all hospitalization for wounded in action will cease at the end of this week. Troops returning to Nicaragua this week will carry only"—I can't read how many, because it is not xeroxed well—"blank rounds of ammunition instead of the 500 they had been carrying. No new radio batteries are available, so there is no way to pass commands or intelligence."

That is exactly what I was seeing when I was on the ground.

Mr. **Liman**. And do you recall discussing with the President of the United States that dire condition?

Mr. **North**. I don't recall specifically discussing it with the President.

Mr. **Liman**. Do you recall that there was an NSPG meeting that was going to take place on May 16, 1986?

Mr. **North**. I don't specifically recall that one.

Mr. **Liman**. If you look at the exhibit 8, is that a memorandum that you prepared for Admiral Poindexter for this meeting?

Mr. **North**. As I see in this memorandum, it was prepared by myself and another staff officer.

Mr. **Liman**. And do you recall, sir, that the subject of this meeting was the dire condition that the Contras were facing in terms of funding?

Mr. **North**. Yes.

Mr. **Liman**. And you actually attended the meeting; am I correct?

Mr. **North**. I do not remember whether I actually attended that meeting or not. I guess I did, since my name is on the attendance list.

Mr. **Liman**. Do you recall attending a meeting at which it was suggested that pursuant to the authorization that Congress had granted for humanitarian solicitation, that the Secretary of State would try to come up with a list of countries to solicit? And I can show you your exhibit 343, which is that—which is in the classified book.

You recall attending that meeting?

Do you see yourself listed as the last name there, the most junior person there?

Mr. **North**. That was frequently the case, counsel.

Mr. **Liman**. Do you see yourself listed?

Mr. **North**. I do.

Mr. **Liman**. If you look over those, does it refresh your recollection that the discussion there was how to get money for the Contras, including going back to Congress, going to third countries—in fact, if you look at page 7, you will see a reference to statements by

Secretary of State Shultz. Does that refresh your recollection at all, Colonel?

Mr. NORTH. Somewhat.

I must confess not to have a vivid recollection of this meeting, but I obviously was there and this was obviously the subject of discussion.

I am not trying to be evasive; I just don't remember it well.

Mr. LIMAN. Do you recall that the meeting ended with a suggestion that a list of countries who might be approached would be prepared and submitted to the President?

Mr. NORTH. I do not remember that. I am not saying it didn't happen at the meeting.

Mr. LIMAN. Do you recall that following that meeting, you wrote a PROF note to Admiral Poindexter, which appears at exhibit 10? This is not in the classified book.

Is that a PROF note that you wrote?

Mr. NORTH. I have a note from—the bottom one——

Mr. LIMAN. It is the note——

Mr. NORTH. This is further——

Mr. LIMAN. The second page, a note from Oliver North, subject: Iran and terrorism. And then if you look at the third paragraph or so, the third or fourth——

Mr. NORTH. Yes.

Mr. LIMAN. And it reads, "You should be aware that the Resistance support organization"—that is Lake——

Mr. NORTH. I don't see it.

Mr. LIMAN. Are you looking at exhibit 10?

Mr. NORTH. Yes.

Mr. LIMAN. Do you see a sentence that begins, "You should be aware"?

Mr. NORTH. I see it, yes.

Mr. LIMAN. "You should be aware that the Resistance support organization now has more than $6 million available for immediate disbursement."

Mr. NORTH. Yes.

Mr. LIMAN. And in fact that was $6 million that was generated from the deposits for the arms sales; that is correct, isn't it?

Mr. NORTH. I believe it is, yes.

Mr. LIMAN. And then it says, "This reduces the need to go to third countries for help."

Mr. NORTH. That's what it says.

Mr. LIMAN. Does that refresh your recollection that earlier that day there was a discussion with the President at the NSPG meeting that you participated in, about going to third countries for help?

Mr. NORTH. Again my recollection of the meeting is—with the President is not altogether clear. Very obviously I wrote this note and it does refer back to that reference that you have made.

Mr. LIMAN. Now, did you ever discuss with Admiral Poindexter the subject of this note, namely, that the need to—for the Secretary of State and the President to get involved in third country solicitation had been relieved to a little extent by the $6 million that you now had available?

Mr. **North**. Well, I think the issue is not so much the need. The issue was—and certainly it was my understanding—you needed a lot more than $6 or even $10 million from Brunei, you needed a lot of money.

Mr. **Liman**. But this was good news, wasn't it?

Mr. **North**. Well, I would guess so, yes.

Mr. **Liman**. That is what you were conveying?

Mr. **North**. Yes.

Mr. **Liman**. Did you ever discuss with Admiral Poindexter that this was good news that ought to be brought to the attention of the President of the United States or the Secretary of State?

Mr. **North**. I did not. I saw no need to. I still believed that we ought to have gone to others and go back to others that had already given, because the need was much greater than $6 million.

Mr. **Liman**. Well, this said—didn't you say "this reduces the need"? Those are your words?

Mr. **North**. Perhaps the immediacy of the need.

I am not going to back away from the words that I wrote at the time. The point that I am trying to make is, just like the one I tried to make yesterday when we were talking about Boland, is there was always a need to get more money, to get the CIA back involved, and this note says that.

Mr. **Liman**. What occasion——

Mr. **North**. I didn't want to be out there doing these things, counsel. What I was trying to do was to get a full program re-established by the Government of the United States, and we were trying to bridge it until that happened.

Mr. **Liman**. Colonel, what occasioned you to write to Admiral Poindexter saying that this reduces the need?

Mr. **North**. Well, I think probably that it was important he understand that Secretary Shultz didn't need to go out that afternoon and go ask for additional help. But as we all know, Secretary Shultz eventually did.

Mr. **Liman**. Let's go on here, because you do in this note—and you have already testified to it—you plead for the legislation to get the CIA back into it.

Mr. **North**. Yes.

Mr. **Liman**. And you say, "The more money there is"—see if you can follow me, it is the next paragraph——

Mr. **North**. Why don't we read the whole thing? Because I think that note is important, counsel.

Mr. **Liman**. I would like to read this and then we can come back and read anything that you feel that I haven't done in context.

Mr. **North**. But I think the entire context of the note is important.

Mr. **Liman**. I'm asking the questions now, and I would like to read these and ask you about them.

Mr. **North**. I will answer your questions, counsel.

Mr. **Liman**. "The more money there is"—"and we will have a"——

Mr. **Sullivan**. Where are you reading?

Mr. **Liman**. It is the paragraph, that same paragraph, but there is a break. Where the break is there is a "to arrange."

Do you see that?

Mr. SULLIVAN. The bottom paragraph on the page?

Mr. LIMAN. It is the bottom paragraph, although it is not broken into paragraphs.

Mr. NORTH. "Unless we do this, we will run increasing risks of trying to manage this program from here with the attendant physical and political liabilities." Is that what you are talking about?

Mr. LIMAN. Yes.

And then it says, "I am not complaining, and you know that I love the work, but we have to lift some of this onto the CIA so that I can get more than 2-3 hours of sleep at night. The more money there is (and we will have a considerable amount in a few more days)"—and let's stop there.

That was also going to be more money from the Iranian deposits?

Mr. NORTH. I believe so, if the time is right.

Mr. LIMAN. "The more money there is (and we will have a considerable amount in a few more days) the more visible the program becomes (airplanes, pilots, weapons, deliveries, etc.) and the more inquisitive will become people like Kerry, Barnes, Hawkins, et al." al."

Those are Members of Congress?

Mr. NORTH. They are.

Mr. LIMAN. "While I care not a whit what they may say about me, it could well become a political embarrassment for the President and you."

Mr. NORTH. I think that has been borne out."

Mr. LIMAN. And what was the political embarrassment that you were focusing on, then?

Mr. NORTH. We have it before us, counsel.

Mr. LIMAN. That it would come out that you were generating the funds for the Contras and doing what you have described to assist the support operation?

Mr. NORTH. Yes.

Mr. LIMAN. And you then come up with the proposal, much of this risk can be avoided simply by covering it with an authorized CIA program undertaken with the $15 million. And you say that Shultz doesn't seem to understand that, right?

Mr. NORTH. That is what I said.

Mr. LIMAN. And then you say, "I have no idea what Don Regan does or does not know of my private U.S. operation, but the President obviously knows why he has been meeting with several select people, to thank them for their support—" right?

Mr. NORTH. That is what it says.

Mr. LIMAN. And those were people who you had put the scheduling request in for?

Mr. NORTH. As again, my recollection is that I did relatively few of those. That procedure was eventually taken over by others.

Mr. LIMAN. Incidentally, I don't want to get into a semantic argument about solicitation or not solicitation. The slides that you have identified for us are part of a program that you would show, is that correct?

Mr. NORTH. It was described earlier by this committee as a one-two punch.

Mr. LIMAN. And that was what it was?

Mr. NORTH. I disagree with that characterization, counsel. I think that it denigrates the intelligence of the people with whom I was speaking and their willingness to contribute to a cause that was important to the national security of the United States.

Mr. LIMAN. Well do you deny that what you were doing was that you were pointing out to them what you believed the national security of the United States required in terms of support for the Contras, and then telling them that you could not ask them for money, that that had to be done across the street?

Mr. NORTH. I would stop my presentation where at—the point where somebody—where I would say that they had to go to somebody else. I don't think I ever told anybody else to go to Mr. Channell or Mr. Miller or anyone else. I would simply indicate to them that I could not and would not solicit money, and I don't believe that the committee has any evidence to the fact that I did.

Mr. LIMAN. Do you deny that you told them that they—if they were disposed to give, they should see Channell?

[Counsel conferring with witness.]

Mr. NORTH. My recollection, counsel, is that I stopped at the point that I just told you. I have spoken to thousands of people, perhaps even tens of thousands of people, about the needs of the Nicaraguan Freedom Fighters, and I did not solicit from them a penny.

Mr. LIMAN. You just prepared them for the pitch that would be made by Channell?

Mr. NORTH. Call it what you will, counsel, I was explaining exactly what the situation was in Central America and how it would affect the national security of the United States of America, and if good Americans were motivated to give money to the Nicaraguan Freedom Fighters as a consequence, all I can say is thank God, because without that help, they could well have died in the fields of Nicaragua under the helicopter gunships provided by the Soviet Union.

Mr. LIMAN. Colonel, do you think it is an unfair characterization that you were trying to encourage them to give?

Mr. SULLIVAN. Sir, it is the committee's job to draw its own conclusions. Don't have him characterize anything.

Mr. LIMAN. I'm asking him what his motive was.

Mr. SULLIVAN. Just ask him the question and he will give you the answer. He has answered it several times, Mr. Chairman.

Mr. Chairman, he has answered the question several times. The committee members will draw their own conclusions about this.

Mr. LIMAN. I will withdraw that question.

Mr. SULLIVAN. Thank you.

Mr. NORTH. Counsel, I would be willing to give that briefing to this committee if you would indulge me, and you can draw your conclusions from that. I will give it verbatim the way I have to tens of thousands of Americans, some who were disposed toward the Resistance and some who were desperately opposed to it.

Mr. LIMAN. Did you give munitions lists?

Mr. NORTH. I am sure that I did. I gave the cost of various munitions, the cost of various aircraft, the cost of Blowpipe missiles, as they were provided to me.

Mr. LIMAN. Did you give costs of advertising?

Mr. NORTH. I don't know that I did. I wasn't quite as familiar with advertising as I was with weapon systems.

Mr. LIMAN. Did you ever tell the President of the United States that the only thing that people were being asked to do was to contribute for advertising?

Mr. NORTH. I do not recall ever telling the President that.

Mr. LIMAN. Now you testified that one reason that Mr. Casey was excited about the plan for use of the residuals was that he wanted to have a funded organization that he could pull off the shelf to do other operations. Is that what in essence his view was?

Mr. NORTH. We are talking about my alleged solicitation now?

Mr. LIMAN. No, no, we are back to the use of the residuals.

[Counsel conferring with witness.]

Mr. NORTH. I am sorry counsel, would you please repeat the question?

Mr. LIMAN. Do you remember giving testimony, and it was not clear to me at least, about the fact that Director Casey wanted something that he could pull off the shelf and that that is why he was excited about the fact that you were now able to generate some surpluses that could be used?

Mr. NORTH. That is correct.

Mr. LIMAN. Well why don't you give us a description of what he said, or as you understood it, what he meant about pulling something off the shelf?

Mr. NORTH. Director Casey had in mind, as I understood it, an overseas entity that was capable of conducting operations or activities of assistance to U.S. foreign policy goals, that was a stand-alone—it was——

Mr. LIMAN. Self-financed?

Mr. NORTH. —self-financing, independent of appropriated moneys and capable of conducting activities similar to the ones that we had conducted here. There were other countries that were suggested that might be the beneficiaries of that kind of support, other activities, to include counterterrorism.

Mr. LIMAN. Did I understand you to say, and if I am wrong just tell me, that the chart that you had drawn by Hakim, which is exhibit 328, was a chart to reflect that concept?

Mr. NORTH. I don't—I don't recall asking Mr. Hakim for that chart. I think—my recollection—if my recollection is correct, that chart was something that I had asked General Secord for.

Mr. LIMAN. But, was it intended to reflect the concept as described by Director Casey?

Mr. NORTH. Yes.

Mr. LIMAN. Now, Director Casey was in charge of the CIA and had at his disposal an Operations Directorate, correct?

Mr. NORTH. Certainly.

Mr. LIMAN. And, as I understand your testimony, Director Casey was proposing to you that a CIA outside of the CIA be created. Fair?

Mr. NORTH. No.

Mr. LIMAN. Well, wasn't this an organization that would be able to do covert policy to advance U.S. foreign policy interests?

Mr. NORTH. Well, not necessarily all covert. The Director was interested in the ability to go to an existing, as he put it, off-the-shelf, self-sustaining, stand-alone entity that could perform certain activities on behalf of the United States. And as I tried to describe to the committee last night in the executive session, several of those activities were discussed with both Director Casey and with Admiral Poindexter.

Some of those were to be conducted jointly by other friendly intelligence services, but they needed money.

Mr. LIMAN. Colonel——

Mr. NORTH. Yes, counsel.

Mr. LIMAN. You understood that the CIA is funded by the U.S. Government, correct?

Mr. NORTH. That is correct.

Mr. LIMAN. You understood that the U.S. Government put certain limitations on what the CIA could do, correct?

Mr. NORTH. That is correct.

Mr. LIMAN. And I ask you today, after all you have gone through, are you not shocked that the Director of Central Intelligence is proposing to you the creation of a organization to do these kinds of things outside of his own organization?

Mr. NORTH. Counsel, I can tell you I am not shocked. I don't see that it was necessarily inconsistent with the laws, regulations, statutes and all that obtain. I don't see that it would necessarily be unconstitutional. I don't see that it would necessarily be in any way a violation of anything that I know of. And if indeed we—the Director had chosen to use one of these entities out there to support an operation in the Middle East or South America or Africa, and an appropriate Finding were done and the appropriate activities were authorized by the Commander in Chief, or the head of state in his capacity to do so, maybe I am overly naive, but I don't see what would be wrong with that.

Mr. LIMAN. Maybe you are.

But did the Director ever tell you that he contemplated that this private organization would operate pursuant to Presidential Findings?

Mr. NORTH. We never got that far.

Mr. LIMAN. Did the Director ever tell you that this private organization would be subject to oversight pursuant to the laws of the United States by Congress?

Mr. NORTH. Again, the discussion didn't get that far.

Let me describe one example to you, if I may. When we ended up needing a ship to perform a certain task, there was nowhere to get one on short notice, and so this organization produced it practically overnight.

Mr. LIMAN. But is it a fact——

Mr. NORTH. And that was because the Director said, "We can't find one anywhere else, get a ship," and we got a ship.

Mr. LIMAN. And that was a ship to be used for a covert operation?

Mr. NORTH. As I defined them to you last night, there were several that were to be done by that ship.

Mr. LIMAN. That ship was to be used for a covert operation——

Mr. NORTH. That is correct.

Mr. LIMAN. And is it a fact that it was purchased out of the funds that were generated by the Iranian arms sale?

Mr. North. It didn't cost the taxpayers of the United States a cent.

Mr. Liman. But was it generated out of the proceeds of the Iranian arms sale?

Mr. North. I cannot tell you exactly what the source of those funds were other than it was not taxpayers' money, and you and I both know there were many sources for the funds that went into those accounts.

Mr. Liman. Those accounts were the Enterprise accounts?

Mr. North. I never referred to them as the Enterprise.

Mr. Liman. I am referring to the Lake account?

Mr. North. The Lake account was the money in——

Mr. Liman. Project Democracy, you used terms like that.

Mr. North. I don't have a problem with using a term called Project Democracy.

Mr. Liman. Let's talk about that, because part of democracy here was there was a law that said that the President of the United States should authorize covert operations, right?

Mr. North. Yes.

Mr. McCollum. Point of order, Mr. Chairman. I think that Mr. Liman, if I might make a point of order, is out of line in asking questions that prejudge the opinion of this committee. He is phrasing his questions to make an argument to slant it as though the entire committee thinks that this is a horrible thing. He doesn't speak for everybody; I don't know that it is or it isn't. But I thought that Mr. Liman was supposed to be getting facts out today, not expressing views, not expressing shock, not expressing the idea of his own opinion or of this committee.

I just am greatly concerned that this is not the appropriate—if one of us wants to do it, maybe that is our role, but I don't think counsel should be doing it, Mr. Chairman.

Chairman Inouye. Your point of order has been noted, and the record will show that you disagree with the method by which Mr. Liman is questioning.

Please proceed.

Mr. Liman. Colonel, you worked on the Presidential Finding?

Mr. North. I worked on a number of Presidential Findings.

Mr. Liman. Was there a provision in that Presidential Finding signed by Ronald Reagan for the purchase of this ship?

Mr. North. No. But there was nothing that prohibited the purchase of the ship by the private commercial companies that were supporting that activity.

Mr. Liman. And——

Mr. North. And the ship was there to serve the foreign policy goals of the United States. The fact that we were—the whole operation was terminated before it could do so is unfortunate, in my humble opinion.

Mr. Liman. Was the President of the United States told about the fact that that ship had been purchased?

Mr. North. I do not know.

Mr. Liman. The Congress wasn't told, correct?

Mr. North. They certainly know now.

Mr. Liman. But they weren't told at the time.

Mr. North. I don't believe they were, sir.

Mr. LIMAN. So that as far as your own personal knowledge was concerned, the people who approved the purchase of this ship for this covert operation were you, the Director of Central Intelligence, and Admiral Poindexter?

Mr. NORTH. And Richard Secord, who was managing the private commercial operation.

Mr. LIMAN. Did Richard Secord do it at the request of you?

Mr. NORTH. He did.

Mr. LIMAN. Did you feel that you needed the approval of Admiral Poindexter to do it?

Mr. NORTH. I believe I sought that approval.

Mr. LIMAN. Did you seek that approval with a memo that went up the line in the same form as the ones we have been talking about?

Mr. NORTH. What do you mean by the "same form"? We have seen several different forms here this morning, counsel.

Mr. LIMAN. Did the form say "recommend that you brief the President"?

Mr. NORTH. I don't know that it did or not.

Mr. LIMAN. You also got the approval of the Director of Central Intelligence?

Mr. NORTH. I got the request from the Director of Central Intelligence. The idea did not originate with me.

When we found ourselves without the capability, unbelievable though that may seem, to put a radio broadcast ship out at sea off a hostile nation and we couldn't find a ship in the entire CIA inventory or the U.S. Navy that was able to do it. The Director of Central Intelligence came to me and within I think 72 hours, we had a ship.

Mr. LIMAN. Don't you think that is a decision that the President of the United States should make?

Mr. NORTH. If the Director of Central Intelligence asked me to produce a ship and I did so, I think that is good and sufficient.

Mr. LIMAN. Now, if you look at a—would you look at the—your PROF note from Admiral Poindexter on this ship. Do you remember that Admiral Poindexter—I will get you the number——

Mr. NORTH. Please do.

Mr. LIMAN. One-hundred and ninety-one.

Do you remember Admiral Poindexter——

Mr. SULLIVAN. Do you know what book that is in, counsel?

Mr. LIMAN. Do you remember Admiral Poindexter sending you this PROF note?

Mr. NORTH. Now that you show it to me, I do.

Mr. LIMAN. Let's read it. It is dated 5-15-86, in a memo from Ken—who is Ken?

Mr. NORTH. Mr. DeGraffenreid, who was the Director of the Intelligence Directorate, Special Assistant to the President.

Mr. LIMAN. "In a memo from Ken to me today, he talks about your offering a Danish ship under your control to CIA for broadcasting into"—and then it is blanked out. That is a hostile country, right?

Mr. NORTH. Yes.

Mr. LIMAN. And then Admiral Poindexter says to you, "I am afraid you are letting your operational role become too public.

From now on, I don't want you to talk to anyone else, including Casey, except me about any of your operational roles. In fact, you need to quietly generate a cover story that I have insisted that you stop."

Do you remember that?

Mr. **North**. I do.

Mr. **Liman**. So he wanted you to continue, but to have a cover story that you "stopped?"

Mr. **North**. And the last line is, "Be cautious."

Mr. **Liman**. "Be cautious." And——

Mr. **North**. That note was sent to me at 9:21 at night while the admiral was still at work.

Mr. **Liman**. And you talked about the fact that——

Mr. **North**. I can tell you exactly exactly why that note was originated.

Mr. **Liman**. You talked—I will be giving you that opportunity in a second.

You talked about the fact that Director Casey described the Iran initiative with the residuals being generated as the—these are your words—"the ultimate covert operation."

Mr. **North**. Yes.

Mr. **Liman**. Would you agree that this here is the ultimate covert operation even one that you are not to talk to the Director of Central Intelligence about?

Mr. **North**. The problem that was generated—that generated this note was that Director Casey had told someone on his staff that they could go to me for the ship. When I was out of town or out of the office, a call was placed to Mr. DeGraffenreid's office instead of mine because he was the normal point of contact for the CIA.

That is what generated this note. It was not my indiscretion. In that case, it was Director Casey's, unfortunately.

Mr. **Liman**. So this business of covert operations reached the point where not only Congress was regarded as too indiscreet to be told, but that even the Director of Central Intelligence made that list.

I have no further questions this morning.

Mr. **Cheney**. Mr. Chairman.

Mr. **Courter**. Mr. Chairman.

Chairman **Inouye**. Mr. Cheney.

Mr. **Cheney**. Mr. Chairman, I would like to inquire the plans for this afternoon.

We have now had 21 hours of questioning, no Member of the committee has yet had the opportunity to ask any questions of the witness.

Our original intent was to finish by this evening. Obviously we are not going to make that now. But without in any way casting any aspersions on Mr. Liman, he has had a full day to ask questions, and I wonder how soon we can expect him to finish his examination of the witness.

Chairman **Inouye**. Mr. Liman?

Mr. **Liman**. I believe that I can finish it in no more than a hour, and I am going to try to do it in a half hour.

Mr. CHENEY. Mr. Chairman, I would hope we can hold to that deadline.

I do think we need to move on. And I do think the original purpose of this exercise was to allow Members to question, and I think that procedures we have adopted badly need to be adjusted. I hope we take that into consideration in connection with our next witness.

Thank you.

Mr. COURTER. Mr. Chairman.

Chairman INOUYE. Mr. Cheney, I am certain you realize that this matter is presently under consideration.

Mr. Courter.

Mr. COURTER. I thank the chair.

Mr. Chairman, Mr. Liman, in his examination of the witness, has implied that the speech that Colonel North gave was a solicitation for funds or that during the speech, he solicited funds. Now the colonel indicated that it wasn't so and asked permission to give that briefing to this committee so we could form our own opinion.

Since it is a relevant point made so by the questions of Mr. Liman, I ask the chair that the witness be given permission to give that briefing to this Congress or to this committee so we——

Mr. HYDE. With the slides.

Mr. COURTER.—with the slides so we can form our own conclusions as to whether he solicited money. I ask the chair.

Chairman INOUYE. I will discuss this matter with your chairman, Mr. Hamilton.

Mr. COURTER. Will we have a ruling on that this afternoon, Mr. Chairman?

Chairman INOUYE. May I ask the colonel a question.

Sir, how long will this briefing take, because we are trying to cut down our consideration of you as a witness?

Mr. NORTH. I believe it can be done in 20 minutes, sir.

Chairman INOUYE. We will make every effort to have that briefing as soon as the slides are available.

Mr. COURTER. Thank you, Mr. Chairman.

Chairman INOUYE. If there are no further questions at this juncture, we will stand in recess until 2:00 p.m. this afternoon.

[Whereupon, at 12:02 p.m., the Select Committees recessed, to reconvene at 2:00 p.m., the same day.]

AFTERNOON SESSION

The Select Committees met, pursuant to recess, at 2:06 p.m., in room 325, Russell Senate Office Building, Hon. Daniel K. Inouye (chairman of the Senate Select Committee) and Hon. Lee H. Hamilton (chairman of the House Select Committee) presiding.

Chairman INOUYE. The hearing will please come to order.

Mr. COURTER. Mr. Chairman.

Chairman INOUYE. Mr. Courter.

Mr. COURTER. Thank you, Mr. Chairman.

Mr. Chairman, I wanted to thank you for your favorable ruling on the request. I think it was a reasonable request in light of the implications and the innuendo in the questions.

It is my understanding that the briefing material and the slides are here at hand. The question I have now is when will Colonel North be given the opportunity to present that briefing?

Chairman INOUYE. This matter was considered during the lunch hour and I would like to report and recommend the following: We do have the slides. We are now in the process of getting an appropriate slide projector. However, we have a few problems.

One, some of the slides are still classified. As the Colonel knows, we have some aerial photographs involved.

Secondly, in order to give the panel of Senators and Congressmen the full flavor and the full aura of what happened during the presentation, we are now in the process of inviting Mr. Channell and Mr. Miller because they are all part of the operation and when that is available, we will get a room, but not at this time.

Mr. COURTER. Mr. Chairman.

Chairman INOUYE. This is still under consideration.

Mr. COHEN. Mr. Chairman.

Chairman INOUYE. Mr. Cohen.

Mr. COHEN. Mr. Chairman, shortly before we broke for lunch, there was indication that perhaps our counsel should cut short his questioning of Colonel North. I wanted to point out just for the record that no Member of the Senate interrupted House counsel during their questioning of Colonel North, not one Member ever interrupted either Mr. Nields or Mr. Van Cleve.

Number two, there were no time limits imposed upon House counsel. They took 2½ days.

I reject the notion that somehow because the Members don't like either Mr. Liman's tone or style that he should be forced to cut short his questioning.

Point No. 3 is, Oliver North has demonstrated, he is not only a brave military officer, but he is also a superb witness, and I think he has had a lot tougher things thrown at him during his lifetime than questions by Arthur Liman.

I think he is fully capable of handling those questions without the able assistance of Members of Congress.

And the final point I would like to make is perhaps the most serious revelation to have taken place during the course of these proceedings is that of a plan proposed by or conceived by high-ranking officials to create a contingency fund for the intended purpose of carrying out other covert operations at sometime in the future—with or without Presidential Findings, with or without notice to Congress remains to be heard from.

But if Members of Congress are not disturbed about that revelation, then I think the American people should be and if it takes more time to discuss this in depth and other related issues, I am perfectly happy to yield whatever time I have allocated to me so that Mr. Liman might continue.

But I strongly object to the notion raised by House Members, of trying to impose a gag rule upon Mr. Liman.

Mr. COURTER. Would the gentleman yield?

Mr. COHEN. I would yield.

Mr. COURTER. I am not sure which House Members the gentleman from Maine is referring to. I specifically recall that during the morning recess, it was a United States Senator that expressed publicly and on television his irritation with the fact that all counsels, not Senate counsel, but all counsels, were taking 4 days; not having any limitation on their time; while Members were permitted, 4, 5 or 10 minutes.

Mr. COHEN. Not once did that Senator interrupt any counsel or any Member of the House. The Senate has not objected or interrupted during the course of these proceedings while Mr. Nields and others were questioning.

Mr. MCCOLLUM. Would the gentleman yield?

If the gentleman would yield to me, I would like—since this is a point of privilege, I am one who did the interrupting initially. Mr. Cheney didn't. His point on length of time came at the end of the proceedings.

I didn't interrupt because I thought Mr. Liman was taking too much time, although I think counsel, maybe Mr. Nields was the one, that was taking too much time, as Senator Boren said on television earlier this morning.

The point that I was interrupting for was because I don't think Mr. Liman or Mr. Nields, as our counsel, should be advocating or slanting questions to advocate a bias or position or a slant of opinion.

Their job, I thought, in my opinion, whether the Senate counsel or as House counsel, is to bring out facts, not to give positions, not to slant biases.

And I think Mr. Liman has been going through a whole pattern of biased questions today. He has done some of that in the past, but it has been particularly egregious this morning.

I didn't think it was fair to let it continue without making the point that it does not represent this Member's views.

It may represent yours, Senator Cohen, but it doesn't represent mine.

Mr. SARBANES. Mr. Chairman.

Chairman INOUYE. Mr. Sarbanes.

Mr. SARBANES. Mr. Chairman, I totally reject the characterization that Mr. McCollum has put on Arthur Liman's questioning. I think it's clearly been within proper bounds. I think it has been very professional. It has certainly been well within the parameters of the charge to this committee.

It was Mr. McCollum who in response to the testimony of Mr. Cooper before this committee said, speaking about Colonel North, Mr. McFarlane, and Admiral Poindexter, and I quote him now with respect to their conversations with the Attorney General; this is Mr. McCollum now speaking about Colonel North and the other two gentlemen, "I think that that in itself may well be a crime. If it is not a crime, it is certainly one of the highest acts of insubordination and one of the most treacherous things that has ever occurred to a President, it seems to me, in our history."

Now, I am quite prepared to talk about fairness. I have not accused anyone in this matter of criminal conduct. I recognize that that's being examined in a different forum. I think the witnesses that come before us come here in order to help us get at the truth and at what happened and what we need to do in terms of the Nation's policy.

But I think counsel's questioning has been reasonable, it's been tough, but it has been within proper parameters and it certainly doesn't behoove, it seems to me, my distinguished friend in light of his comments at that earlier hearing encompassing of this witness, to raise this kind of objection at this point.

Mr. **McCollum**. Would the gentleman yield on that. As a matter of personal privilege?

Mr. **Sarbanes**. Sure.

Mr. **McCollum**. I certainly did criticize those the other day when I examined Mr. Cooper. Whom I thought then, and I still do think now, misled the Attorney General. The facts are beginning to come out, and I think it is the prerogative of members of this committee to make points and to bring out things of that nature.

To the degree to which they are brought out, it was the member's role to do that. To the degree to which Mr. Liman is acting, it seems to me that is not his role. We had many discussions on the House side—maybe the Senators didn't have it—but we did about the role of counsel at the inception of these hearings, and that role was to be impartial, to bring out the facts, to lay the predicates, to leave the comments and judgments and the opinions to the members.

It is my judgment Colonel North has explained a good deal of what I was concerned about. He hasn't completely satisfied me, but he has explained a lot of it, and I think that those answers were not available when I questioned Mr. Cooper.

It does not bear on my point today. My point today is that counsel does not have any business slanting questions in a biased fashion that look to me like he is trying to add inference on inference to come to conclusions that would lead in a certain path, to persuade the public in a way you couldn't even do it in a court of law.

He is acting like a prosecutor, not a prosecutor of Colonel North so much, as a prosecutor of the President, a prosecutor of the administration, instead of a factfinder. I thought our role was to find the facts and then the Members make the judgments.

Mr. **Hyde**. Mr. Chairman?

Mr. **Sarbanes**. Mr. Chairman, let me just conclude this, by making this observation. I think it is Arthur Liman's responsibility to press hard for answers, particularly—particularly—in light of the fact that Members such as Mr. McCollum have stated about this matter involving Colonel North, "It is certainly one of the highest acts of insubordination, one of the most treacherous things that has ever occurred to a President, it seems to me, in our history."

And I submit that those kinds of statements from Mr. McCollum, it is the responsibility of counsel and other Members of this committee to press the witnesses very hard to find out the truth in this matter.

Mr. **Hyde**. Mr. Chairman?

Chairman **Inouye**. Mr. Hyde?

Mr. **Hyde**. I may have a little different perspective, but if I may trespass on the time of the committee to explain to my friend from Maine, occasionally one interrupts when the iron is hot.

Those of you that passed your bar exams the first time have heard of the phrase "sleeping on your rights," and when an issue is brought up, the interruption is not to foreclose the questioning, but simply to deal with that issue while it is current.

And secondly, this Member has no quarrel whatsoever with Mr. Liman's questioning nor Mr. Nields' questioning. I think they are doing a superb job, and I am delighted with the results, and I would wish that Mr. Liman would go on and on.

I thank you.

Chairman INOUYE. When we recessed at noon, Mr. Liman was considering a very important aspect of the investigation, the creation and the maintenance of a secret government within our government. The business before us is very serious. I have said this on several occasions. We may have reason to laugh and chuckle, but what has been brought out to date gives me little cause to laugh.

Mr. Liman, proceed, sir.

Mr. LIMAN. Colonel, did there come a time when the pricing of the arms to Iran which were yielding the profits began to cause a problem?

Mr. NORTH. I am not quite certain, counsel, whether it was the pricing or simply the person we were arranging it through, but there was some difficulty with that, yes.

Mr. LIMAN. In fact, did there come a time when you were advised that Mr. Ghorbanifar was saying that the Iranian Government had concluded that it had been substantially overcharged?

Mr. NORTH. Yes, that is correct.

Mr. LIMAN. And he reported that the Iranian Government had gotten hold of some microfiche of Defense Department prices?

Mr. NORTH. In fact, to be more explicit, the Iranian Government was apparently still on the mailing list for those microfiches.

Mr. LIMAN. And he said that looking at those microfiches and what Ghorbanifar had charged them, there was a 600-percent mark-up or something like that?

Mr. NORTH. I am not sure of the percentage that he alluded to, but he did indicate that they had overcharged.

Mr. LIMAN. And when you first got deeply involved in December-January, one of the problems you had encountered then was that the Iranians were claiming that they had been cheated by Nimrodi, et al, right?

Mr. NORTH. The cheating in that case was the delivery of a system that did not fulfill their expectations in what they had been told it would do. That was not, as I understood it, an issue of price, but more of capability.

Mr. LIMAN. And now you were faced with accusations from the first channel that they were being cheated by our pricing, right?

Mr. NORTH. That was what he told us, but it turns out that it was not so much an internal Iranian problem I don't think so much as it was his personal problem.

Mr. LIMAN. Now, did you have a conversation with Director Casey about the fact that the Iranians had failed to pay the financiers of the transaction?

Mr. NORTH. We had several, but the one that is, of course, most easily recollected is the one that I had with Director Casey after Mr. Furmark had approached him.

Mr. LIMAN. And did you consider with various of your colleagues in the Government ways of dealing with the problem that you now had?

Mr. NORTH. Yes. Along with discussions with the Israelis as to how to deal with that problem.

Mr. LIMAN. Now, was one of the things that you considered increasing the charges to the second channel so as to generate money to pay the first channel?

Mr. NORTH. That was considered.

Mr. LIMAN. And indeed, are you aware it is reflected in your notes?

Mr. NORTH. I couldn't guess at this point, counsel.

Mr. LIMAN. It is exhibit 353, and it bears our Bates stamp Q-2259.

If you look at the top——

Mr. NORTH. The highlighted?

Mr. LIMAN. Yes, the highlighted portion. There are some portions there which I think you can appreciate we should not read, because it refers to the second channel.

Mr. NORTH. Right.

Mr. LIMAN.—"Best way to recoup funds to pay off Furmark, et al, is to overcharge on subsequent deliveries and then the next highlighted, "next shipment will have to be higher, $10,000 each."

Then it says, "or we cannot"—then I don't think the word is finished.

Mr. NORTH. I believe that is a discussion with Mr. Nir. Those are notes taken I think if—I don't have the preceding and succeeding pages, but looking at what does follow and what is on—is the page behind that—counsel, 353 is the preceding page?

Mr. LIMAN. It is the preceding one, and it appears to be a conversation with Mr. Nir, was the only name that appears there.

Mr. NORTH. Yes. I have been looking at this, I recollect that this is most likely one of many conversations I had with Mr. Nir about this problem. I would also point out that throughout this entire endeavor, Mr. Nir insisted that we keep the prices up—whether—as we assumed, that was because the Israelis did not want us underbidding what they were normally doing, or whether that was simply to generate more revenues for their other operations, I do not know.

Mr. LIMAN. In any event, did you discuss with Mr. Casey that you had to find some way of dealing with the claims of the first channel and their financiers, is that fair to say?

Mr. NORTH. Yes.

Mr. LIMAN. And——

Mr. NORTH. Although I must tell you that there were many who advocated—not many, but some who—there weren't many who knew about this, but within the group of people who knew about it, there were some of us who advocated letting Mr. Ghorbanifar deal with it himself.

It was a problem that he had created. I would point out that although we had certainly run the charges up, Mr. Ghorbanifar had almost doubled it on top of that.

And so, many of the problems that were created were of his own design.

Mr. LIMAN. Well, is it a fact that the problem that you were concerned about was his threat or the threat of his financiers to make this public?

Mr. NORTH. Well, yes, absolutely.

Mr. LIMAN. And so, an operation that had been kept quiet from Congress was now in danger of being blown by people who said they had not been paid.

Mr. NORTH. Well, again, I don't want to leave anyone with the misapprehension that it was simply a matter of keeping it secret from Congress. As I have testified for nearly 4 days, this was an operation that was to be kept secret across the board, and it wasn't simply a matter of keeping it from the Congress.

Mr. LIMAN. When you say——

Mr. NORTH. It was a covert operation for all the reasons that I have described, the needs for secrecy in covert operations.

Mr. LIMAN. When you say secret across the board, would you agree with me that at the very least, the following people knew about our involvement: One, Mr. Ghorbanifar?

Mr. NORTH. Certainly, he started it.

Mr. LIMAN. The Israelis?

Mr. NORTH. Some in the Israeli Government.

Mr. LIMAN. The Iranian Government officials in the first channel?

Mr. NORTH. Yes.

Mr. LIMAN. The Iranian Government officials in the second channel?

Mr. NORTH. That is correct.

Mr. LIMAN. So that you were willing—now when I say "you," I am not talking just about you, obviously—those who were engaged in the activity were willing to take the risks on trusting them with secrecy, but concluded that it was not possible or prudent to reveal it to the leadership of Congress? That is what it comes down to?

Mr. NORTH. Counsel, you are asking me to second-guess the decision not to have advised the Congress in the initiation of this activity on the Finding of 6 or 17 January, and I am not going to second-guess that decision.

I would point out that in the previous administration, just prior to this one, there was a similar effort to rescue hostages and, and to my knowledge, the Congress was not briefed on that one. And there were Iranians and Israelis and foreign government officials and officials throughout our government who were apprised of that activity, and because of the risk to life of American citizens, to include the hostages, the Congress was not briefed.

Mr. LIMAN. Was the leadership briefed?

Mr. NORTH. I don't know. I was told that it was not, but I was not here.

Mr. LIMAN. Colonel, on this operation, was there any discussion that took place that you were privy to between the beginning of January and the time that this first appeared in that Lebanese newspaper about whether the time had come to tell the Intelligence Committees?

Mr. NORTH. I was not privy to any conversation to that end, counsel.

Mr. LIMAN. Now, you were involved in a—in providing the bank account number to Elliott Abrams for the Brunei solicitation, right?

Mr. NORTH. I was.

Mr. LIMAN. And the fact that the number was transposed was just an error that you never noticed?

Mr. NORTH. Had I noticed it, it wouldn't have been transposed.

Counsel, I have not seen that card. I would point out that my secretary—and as I indicated yesterday, I believe was not only given the gift of beauty by the good Lord, but she has brains, and I think that the committee had the chance to see that. She made very few errors, and I don't know that she made the error on that card or someone else did, or that that was precisely the card carried to give to the representatives of the Brunei Government.

I would not have given intentionally a wrong number to Mr. Abrams, you can be sure.

Mr. LIMAN. Did you ask Mr. Abrams not to tell the CIA about the bank account number that you gave him?

Mr. NORTH. No. As I recall, he asked me not to tell the CIA.

Mr. LIMAN. So that there was a request and an agreement that the CIA wouldn't be told about that?

Mr. NORTH. Yes.

Mr. LIMAN. Did you understand that the money from Brunei had been solicited for humanitarian purposes pursuant to the authorization of Congress?

Mr. NORTH. I am not—I quite honestly don't think I focused on that. I knew that there was an authorization for the State Department to proceed and solicit moneys from other governments, and I honestly don't know that it was specifically for one purpose or another—I don't recall knowing at the time or focusing at the time that it was for one specific purpose or another.

What I did assured Mr. Abrams is that those moneys would indeed be set aside for whatever purposes he deemed appropriate.

Mr. LIMAN. Did he tell you what purposes he deemed appropriate?

Mr. NORTH. We deemed that—I deemed that the purpose was to support the Nicaraguan Democratic Resistance.

Mr. LIMAN. And that would have included if they needed lethal support, not just——

Mr. NORTH. I was fully willing to live within whatever constraints he wished to impose upon that account.

Mr. LIMAN. Did he impose any constraints?

Mr. NORTH. We never got any money.

Mr. LIMAN. But you thought you were getting money when you gave him the number.

Mr. NORTH. True. We looked for it assiduously up until the day I was—literally the day I was leaving the NSC.

Mr. LIMAN. Colonel, did he, when he asked you for the account, say anything to you about the fact that this is supposed to be used for the purpose for which it was solicited, humanitarian aid?

Mr. NORTH. He may well have, counsel. I guess my problem is I think folks may be trying to make things appear more sinister than they already were, if they were indeed at all, and the point I am trying to make is that if Mr. Abrams asked me to do that, I would have done it. I am not saying he did, and I am not saying he didn't.

Those moneys were to be allocated for the purposes that the Department of State solicited them for. There was never an intention on my part to allocate them to some other purpose.

Mr. LIMAN. Are you saying that those funds as opposed to the other money in the Lake account would be disbursed at the direction of Mr. Abrams?

Mr. NORTH. Precisely.

Mr. LIMAN. Did you give instructions to Mr. Hakim or to General Secord that of the $10 million, $7 million was to be set aside and $3 million was to be available for other purposes?

Mr. NORTH. I do not recall those instructions, but it was not infrequent that we would hope to have some operating revenue, for example, to support airlift, which certainly some can argue was a lethal activity, and yet we funded airlift out of the $27 million in humanitarian assistance.

And I do believe that I talked to Mr. Abrams about the need for additional aircraft and supporting—continued support for the airlift operations in Central America.

Mr. LIMAN. Did the airlift include the drops of lethal supplies behind enemy lines?

Mr. NORTH. It is my distinct recollection, counsel, that we came to the committees to use a portion of the $27 million appropriated by the Congress, under what came to be called the Nicaraguan Humanitarian Assistance Office, for the purpose of, one, communications equipment; number two, mixed loads. Mixed loads meant you took beans and band-aids and boots and bullets, and we got authorization to do that from the Congress.

Mr. LIMAN. Did you, in connection with this money, do you have any recollection of giving instructions on allocation?

Mr. NORTH. Not specifically, no.

Mr. LIMAN. Did you participate——

Mr. NORTH. I am not saying that I didn't.

Mr. LIMAN. Did you participate in the briefing of the congressional committees on this subject?

Mr. NORTH. On the Nicaraguan Humanitarian Assistance Office?

Mr. LIMAN. Yes.

Mr. NORTH. Yes, I believe I did.

Mr. LIMAN. When you briefed them, did you tell—is this what you are saying: That you told them that some of the $27 million was going to be used to carry bullets?

Mr. NORTH. No. As I recall, and I may be recalling incorrectly, we came back to the Congress after the appropriations of the $27 million and sought and obtained permission to provide intelligence and communication support and to deliver mixed loads.

I may be imagining that, and I have been accused of having fantasies, but that is a fairly distinct recollection on my part.

Mr. LIMAN. In fact, you know that the law was changed to permit intelligence information and military—and advice; you recall that?

Mr. NORTH. Well, and subsequently it was changed to provide $100 million in full assistance.

Mr. LIMAN. Yes. But even before that.

Mr. **North**. That's correct. And that is what I am referring to, counsel.

Mr. **Liman**. On the Brunei money, was there ever any discussion that some of that money was going to be used to repay the financiers of the first channel?

Mr. **North**. Never.

Mr. **Liman**. That was never contemplated?

Mr. **North**. That was never a contemplation in my mind. I never heard it mentioned to me, and I didn't mention it to anyone else.

Mr. **Liman**. It was never discussed?

Mr. **North**. Never, sir.

Mr. **Liman**. Were you involved in the decision to seek the second channel?

Mr. **North**. Yes.

Mr. **Liman**. And you got approval on that from Admiral Poindexter?

Mr. **North**. I did.

Mr. **Liman**. And you were involved in the various negotiations with that channel?

Mr. **North**. I am not sure how many there were before I got involved, but the initial contact was made, I think by General Secord, in a European country. He evaluated it, reported back, and if my recollection serves me right, we then had a meeting here in the United States.

Mr. **Liman**. And you understood that Mr. Hakim was the person who helped locate that channel?

Mr. **North**. Yes.

Mr. **Liman**. And did Hakim tell you that a $2 million reserve had been set aside in order to make payoffs for the second channel?

Mr. **North**. As we discussed last night and I think even during the day yesterday, Mr. Hakim made it clear that there was a necessity to compensate those engaged in the activity. I did not press the issue.

I know well the meaning of the term baksheesh and I know it is a long-established tradition in that part of the world. I do not recall discussing a specific amount, but it was very clear to me that that was part of the activity.

Mr. **Liman**. Was Mr. Hakim presented to the Iranians as the President's personal interpreter?

Mr. **North**. Not for the second channel. He was for the first.

Mr. **Liman**. For the first channel?

Mr. **North**. That is correct.

Mr. **Liman**. Were there some people in the second channel who were also present at meetings with the first channel?

Mr. **North**. Well, I was.

Mr. **Liman**. No, I mean on the Iranian side.

Mr. **North**. Initially I don't believe so, but then eventually, as we established contact directly with government officials, yes.

Mr. **Liman**. Was General Secord presented as an official representative of the U.S. Government or as a businessman? How was he presented to the second channel?

Mr. **North**. I don't recall. I know that in the first channel—I may be mixing them up now—he had an alias identity, and I don't recall his specific title within that. But he did have an alias identity and we had, as you know, alias documentation.

Mr. **Liman**. When you were present at the negotiations, who headed the American negotiating team?

Mr. **North**. Are we talking first or second channel?

Mr. **Liman**. Second.

Mr. **North**. I guess I did.

Mr. **Liman**. Now, did you present to the second channel the so-called seven-point plan?

Mr. **North**. I guess—if that is what you are calling it. I suppose I wrote down seven or six or eight or whatever number of points on a piece of paper. I didn't refer to it at the time, I don't think, as the seven-point plan.

Mr. **Liman**. Can you look at exhibit 308. Is that your writing on the——

Mr. **North**. That is my writing.

Mr. **Liman**. And it is headed, "United States Proposal"?

Mr. **North**. That is what it says.

Mr. **Liman**. Is that a proposal that you presented to the second channel?

Mr. **North**. I am sure it was. I don't recall whether this was done at the meeting in Washington or at the meeting in Europe, but I am sure that that is one of many proposals, all of which I had tape recorded by the Central Intelligence Agency or by myself with Central Intelligence Agency equipment so that there would never ever be any doubt as to what I was saying or obligating or committing to.

Mr. **Liman**. Now, Colonel, before you made your proposals to them, did you get authority from anyone as to what you would, as you just said, commit to present to them?

Mr. **North**. In general terms, yes. And as you can see, one of them were—all American hostages released, right up at the top.

Mr. **Liman**. Do you recall having a discussion on this subject in Germany?

Mr. **North**. As I said, I thought maybe this was what I presented in either one of the meetings in the United States, in Germany, in Geneva, Paris, any of the other places that we met.

Mr. **Liman**. This has been identified and was produced by Mr. Hakim as being presented in Germany.

Mr. **North**. Was there a date on this? I could check my travel schedule——

Mr. **Liman**. There wasn't.

Mr. **North**. I don't think that the location is all that important.

Mr. **Liman**. Did you have any conversations with State Department representatives before you made the various proposals that you were making during these negotiations?

Mr. **North**. No.

Mr. **Liman**. Now you have already testified that in these negotiations it was necessary for you to make representations that weren't accurate——

Mr. **North**. No, they were blatantly false.

Mr. **Liman**. Among other things that you would describe as blatantly false were the statements that the Head of State of Iraq had to go, that the President of the United States regarded him in an unfavorable way, including an expletive——

Mr. NORTH. Sure and others—lots of others, all on tape.

Mr. LIMAN. Did you discuss with your superiors, in particular Mr. Casey or Admiral Poindexter, before you went into the negotiations, that you would be saying to an official of the Iranian Government that the United States supported the removal of the head of state of Iraq, that the United States would give some assistance on the Dawa prisoners, et cetera?

Mr. NORTH. I did not discuss those specifics, no. Many of these were ideas that came up in the course of the earlier parts of the negotiations, as seemingly important to those with whom I was dealing. And we were trying to appear responsive.

There was no effort whatsoever to deceive anybody in our government from that, that I was reporting to. I had with me one of Director's Casey's finest officers, I had with me CIA communications intelligence support, I had with me CIA personnel who were recording these meetings through surreptitious means, and I made no bones about the fact that these were available to my superiors.

If anybody had any doubt as to what I was saying, they could have stopped me, and they didn't.

Mr. LIMAN. Colonel, I can say for the record that we do have recordings and they do reflect those statements.

[Counsel conferring with the witness.]

Mr. NORTH. I guess only my question then is, counsel, if you have the tapes—and I think I'm the one that pointed out the——

Mr. LIMAN. Well, the transcripts I should say.

Mr. NORTH.— existence of those tapes and transcripts—I see no reason to have a memory quiz with a man who has been through 5½ years, trying to recall a specific meeting in a certain place.

Mr. LIMAN. This isn't a memory quiz. You are making a statement about the removal of a head of state, about the United States committing to defend Iran. Those are things you remember without looking at the tapes, right?

Mr. NORTH. Yes. Let me make one observation about the United States committing to defend Iran. That is not the way it was portrayed.

The specific statement, reinforced by me after General Secord had said it, dealt with the fact that we had built a U.S. central command for that specific purpose. And it wasn't something that was a deep, dark secret. The fact is that's why it exists, that's why the Congress spent literally billions of dollars building that command.

It is in every defense journal and foreign affairs journal in the country.

Mr. LIMAN. And it was because of that that you felt comfortable in stating that the United States would defend Iran?

Mr. NORTH. The United States would contend that the Soviets should not occupy Iran, and the fact is whether we had or had not gotten Iranian support, we were not about to relinquish control of Iran to the Soviet Union, and that's why the Senators in the back row voted for a U.S. central command and the United States Armed Forces organized one.

That is no deep, dark secret, not even to the Iranians.

Mr. **Liman**. Colonel, before you made those statements, you have already said you didn't talk to Admiral Poindexter about it——

Mr. **North**. About that specific point, nor these specific points in the midst of a negotiation that went on over several days, no.

Mr. **Liman**. And did you also talk about the fact that there were two million homeless people in Iran?

Mr. **North**. Which also happens to be a fact.

Mr. **Liman**. Did you talk about the fact that the United States would supply aid like a Marshall Plan for them?

Mr. **North**. I talked about the fact that they ought to get beyond the issue of trading a few weapons for a few live bodies and that what our initiative was all about was a re-opening with Iran, I am confident and that the President of the United States shared those concerns.

The fact that I exaggerated my connection with the President of the United States in order to further this initiative I have already admitted to. The fact is we in this country have always expressed concern for those kinds of matters, and the fact is if we could have gotten beyond where we were and established a relationship with Iran, I am confident that we would be doing something for the millions of homeless in Iran and the hundreds of partial paraplegics and those who need prosthetic limbs on both sides of that war.

Mr. **Liman**. Did you say words to that effect that you have just expressed with this conviction here?

Mr. **North**. Yes, and they are on the tape.

Mr. **Liman**. Colonel, you have talked about the fact that you found yourself very much involved in the management of a covert operation.

Did you now find yourself very much involved in a diplomatic assignment?

Mr. **North**. My whole purpose, as is also on the tape and is also in the memoranda that I sent forward to my superiors, my whole purpose was to find a way of establishing contact so that a senior U.S. official—and the names of those officials are in the memoranda that I sent to my superiors—could eventually have a meeting with senior Iranian officials, that it would be feasible politically for both sides to be able to do that, and the names of those officials are in the memoranda that I sent forward.

The suggestion that the Vice President or the Secretary of State meet with senior Iranians for the purposes of ending that horrible conflict, which happens to be the largest war on the planet Earth right now, would be to the best interests of our country and both of theirs.

Mr. **Liman**. Did you have any discussion with Admiral Poindexter as to whether the State Department should be consulted about whether this was the way to achieve the objective that you talked about?

Mr. **North**. I don't recall that specific discussion, but I think you will find those general ideas in the terms of reference that were approved for the dialog in Tehran. And I believe, although I may be incorrect, that those were approved by the State Department.

Mr. **Liman**. Is it a fact that the Secretary of State was not told that a mission was going to be going to Tehran?

Mr. **North**. I have no idea.

Mr. **Liman**. Do you recall—and you can look at exhibit 193—that——

Mr. **Sullivan**. What book is that in, counsel?

Mr. **Liman**. I have them all in two books. I don't know how they were broken up in the exhibits you were given, but it is 193.

Do you recall that you suggested, before the Tehran mission, to Admiral Poindexter that there be a meeting with Secretary Shultz and Secretary Weinberger and that he rejected that?

Mr. **North**. I recall suggesting those kinds of things on occasion. I think this is that particular suggestion—that's fine.

Mr. **Liman**. Do you recall your suggestions being rejected?

Mr. **North**. On occasion.

Mr. **Liman**. Is it a fact that they were cut out?

Mr. **North**. I don't know. It was not my responsibility to walk up to Secretaries of State and Defense, and apprise them of things. It was my responsibility to carry out the lawful orders of my superiors, and as I have indicated for the last 3½ days, I tried to do so, sir.

Mr. **Liman**. Did there come a time when Albert Hakim told you that he had negotiated a nine-point plan?

Mr. **North**. Again, I don't recall it being referred to specifically that way, but I have heard it since.

Mr. **Liman**. Did he communicate to you points—whether he called them nine points or something else—that he had gotten agreement from the Iranians on?

Mr. **North**. I believe he may have.

Mr. **Liman**. Did you then seek approval from your superior on those nine points?

Mr. **North**. If it was something that I judged ought to proceed and it did proceed, I obviously sought that kind of approval.

Mr. **Liman**. If you would look at exhibit 310, which is the translation that we have of the document that he provided to us and that he said he had cleared with you and that you had cleared with Admiral Poindexter—see if you recognize it.

Mr. **North**. It starts out with the Library of Congress?

Mr. **Liman**. They are the ones who did the translation for us.

Mr. **North**. Well, obviously if I had a copy of this, I would have gotten it from him in English, since I don't read Farsi or Mr. Cave would have done the translation. But I am not unfamiliar with this general proposal.

Mr. **Liman**. Do you know whether you shredded the one you got from him?

Mr. **North**. I may have.

Mr. **Liman**. And you are not unfamiliar with this, if you look at these points?

Mr. **North**. Those points look familiar, yes.

Mr. **Liman**. Did you communicate to him approval of these points?

Mr. **North**. If we proceeded in this direction—and I would guess maybe we did—then I did seek approval, yes.

Mr. **Liman**. And did you include in the approval that you sought the item about his presenting a plan for the release of the——

Mr. **North**. Dawa?

Mr. **Liman**.— the Dawa?

Mr. **North**. Yes.

Mr. **Liman**. And at the time—and did you get that approval?

Mr. **North**. Yes.

Mr. **Liman**. And at the time that you got that approval, did the NSC have an official position against the United States asking for that?

Mr. **North**. That plan did not involve the United States asking for that. The plan that we presented to the Iranians—which we probably ought to take up in executive session if you want the details—did not involve the United States, and that is an important thing to understand.

I knew well what our position was on the Dawa. I had written it with the concurrence of the Department of State. Of course, that was always one of the demands of the Hizballah that hold the Americans hostage, because one or two or maybe three of the members of the Dawa are related to family members of the Hizballah.

Mr. **Liman**. Colonel, I don't want to get into matters that ought to be in executive session, but I ask this question to you——

Mr. **North**. Let's leave it at this, that it did not involve in any way the sacrifice of our position or the compromise of our position on the Dawa. It was a straightforward proposal to the Iranians as to how they could solve the problem.

Mr. **Liman**. You draw a distinction between Hakim and the U.S. Government; is that fair to say?

Mr. **North**. Absolutely.

Mr. **Liman**. Do you think that the Iranians who were dealing with him drew that distinction?

Mr. **North**. I don't know. You are asking me to put myself in the minds of the Iranians.

Mr. **Liman**. Well, you were there when he was being presented, when he was presented originally as the President's——

Mr. **North**. As again, I don't recall that I presented him that way at the second channel. I am not too sure what role he was playing in that case, but I did present him that way in the first meetings.

I did so in the presence of two CIA officers, one of them relatively senior. I did so with the concurrence of the Director of Central Intelligence and the National Security Adviser.

And the reason for that is the Central Intelligence Agency could not or would not provide a translator for that session. Which I think we have gone over that once.

Mr. **Liman**. What you are saying is that these were not decisions of Lieutenant Colonel North, they were decisions that were fully authorized.

Mr. **North**. That is correct.

Mr. **Liman**. I wasn't questioning the fact that you had authority from Mr. Poindexter or Casey or that you had made tape recordings of it. We have the tape recording.

Mr. **North**. I understand, counsel, I just didn't want anybody to be left—the misapprehension after all the paper that you now have gone nearly blind on, and I wore my fingers to the bone typing, or my secretary did or typed myself on my PROFs, that I left anybody uninformed who needed to be informed in the conduct of these operations.

Mr. **Liman**. And you—when you talked about needed to be informed, your universe was the NSC, not the State Department——

Mr. **North**. My universe was the National Security Council, the President's personal staff.

Mr. **Liman**. And it was up to the President or the National Security Adviser to determine whether negotiations with Iran should involve the State Department or whether you should be the one left to handle them?

Mr. **North**. That is correct.

Mr. **Liman**. And they charged you with that.

Mr. **North**. I carried it out to the very best of my abilities, counsel.

Mr. **Liman**. Now, you said, and I am coming to the end now, you said on yesterday's session and before when you were talking about the reasons why it was important not to disclose to Congress the support that was being given for the Contras by the NSC, that you and others were put in the position of balancing lives for lies.

Remember that?

Mr. **North**. I remember that.

Mr. **Liman**. I would like to just pursue that with you for a moment.

Is it a fact that before the Boland period, Congress had publicly appropriated money for the CIA to support the Contras?

Mr. **North**. Even under some of the Boland proscription, yes.

Mr. **Liman**. And it is a fact that even during the Boland period, the President had publicly proclaimed his support for the Contras.

Mr. **North**. That is correct.

Mr. **Liman**. And it is a fact that the President had publicly said that he was going to seek more money from the Congress when they cut it out?

Mr. **North**. My recollection—he said he would go back again and again and again and he did so.

Mr. **Liman**. And it is a fact that Congress publicly appropriated the $27 million for humanitarian aid for the Contras?

Mr. **North**. And then gave us several waivers on the application of that.

Mr. **Liman**. And then Congress publicly authorized the exchange of intelligence information to assist the Contras, right?

Mr. **North**. Correct.

Mr. **Liman**. And Congress then for fiscal 1987 publicly appropriated $100 million for the Contras for both lethal and nonlethal support.

Mr. **North**. Thank God.

Mr. **Liman**. And it is a fact that even during the Boland period, you wanted all of the Central American countries to know that notwithstanding Boland, that the United States was not abandoning the Contras and that the President would go back again and again to get money for them, right?

Mr. **North**. Correct.

Mr. **Liman**. And you also wanted to make sure that the Sandinistas knew that the Contras weren't through, right?

Mr. **North**. On one occasion, I told them myself.

Mr. **Liman**. And so, can you then just explain how you thought lives would be endangered—when I say "you," I am talking not just about you, but Mr. McFarlane, if you know who wrote the letters, and Admiral Poindexter—how you thought lives would be endangered when Congress said, "Are you giving support to the Contras," by saying, "We sure are notwithstanding Boland."

Mr. NORTH. Quite simply that the exposure of the operation would have caused it to be terminated.

Mr. LIMAN. And it would have caused it to be terminated by Congress.

Mr. NORTH. By the very exposure of it. By the very fact that the Sandinistas would then know, for example, the origin of the supplies, the schedules of the flights, the place where things were landing, you put such enormous, enormous pressure on the local governments that they were unable to support it.

Mr. LIMAN. Colonel, you miss the point.

Mr. NORTH. No, I have not missed it at all. I am talking about the political debate that would have occurred in this country and the revelations piece by piece by piece just like we have on this activity.

Mr. LIMAN. So that it was the political debate and the possibility that if our covert policy became known, that it might be——

[Witness conferring with counsel.]

Mr. LIMAN. So it was the risk of political debate and the possibility that if it became known that we had continued support of the Contras, that it would be blocked——

Mr. NORTH. No.

Mr. LIMAN. —that caused this——

Mr. NORTH. No. You are misunderstanding what I said. What I was saying was that the revelations of the actual details of this activity, some of which, thankfully, have still not been exposed, would have cost the lives of those with whom I was working, would have jeopardized the governments which had assisted us, would have jeopardized the lives of the Americans who in some cases were flying flights over Nicaragua, would have put at great risk those inside Nicaragua and in Eastern Europe and in Europe and other places where people were working hard to keep them alive, and some of those details have still not been exposed.

Mr. LIMAN. You are saying——

Mr. NORTH. And yet, because of things like these hearings, there will be governments who will be less willing to assist our country in the conduct of operations even with Findings and congressional approval and the rest of it. That is what I am talking about, counsel.

Mr. LIMAN. Colonel, you said that the disclosure of details could cause people to be less willing to support, or could even cause risks. Would the disclosure that we were supporting the Contras and that we were not abiding by the letter and the spirit of Boland have done that?

Mr. NORTH. No. I don't believe so, counsel. It was not an issue of whether or not we were abiding by the spirit and the letter of Boland. We did that. We lived within the constraints of Boland, which limited the use of appropriated funds.

What we were concerned about, and we talked about some of this last night, the very fact that when there was a briefing held and lives were indeed placed at risk because people weren't quiet about it. And we talked about a couple of incidents last night, one of which I was very closely associated with, and the fact is, I have said consistently through my appearance here before these committees that there must be a better way. It is not easy for honorable men with whom I served or myself to sit in the White House or anywhere else in Washington and to have to weigh the differences between lives and lies. These were men who had high purposes. These were men with whom I worked on a daily basis, who suffered great anxiety and internal discontent over what they were forced to do. The fact is, there must be a better way.

Mr. **Liman**. Who forced them——

Mr. **North**. I have suggested one of those better ways. I suggested an earlier way, and that was to divulge nothing. I make no excuses for those letters or my presentation before Chairman Hamilton's committee assembled in the Sit Room.

I have told you why I did it.

Mr. **Liman**. I am not asking you that. Who forced them?

Mr. **North**. I think the relationship that exists between the Executive and the Congress on these issues has given us the consequence of what happened in these events.

Mr. **Liman**. So that it is Congress' fault, in your view, that you had to send letters that misrepresented what the NSC was doing on Boland?

Mr. **North**. I make no debate with the chairman, with Chairman Inouye's comment that there are many, many leaks from the other side of Pennsylvania Avenue, but I would point out to you, sir, that for over 2 years, this operation was indeed covert.

It did not become a matter of public exposure and damage to this country until the very end. And I would say to you, sir, that if a way could be found to work with the Congress, the way I worked with the people who I had to work with, then we can indeed solve that problem.

Mr. **Liman**. Colonel, wasn't the problem that the Congress had decided that it did not want the Contras supported, and so you couldn't work with the Congress?

Mr. **North**. Counsel, if the Congress had decided that nobody in the United States of America should render any support whatsoever to the Nicaraguan Democratic Resistance, then it should have passed a law saying that. The law that was passed, a part of an appropriations bill, didn't prohibit what we did.

Mr. **Liman**. And is it Congress' fault because of the way it worded the law that the letter said, "We are abiding by the letter and spirit of Boland"? Yes or no?

Mr. **North**. I have told you that that was not correct, and I have told you what I proposed to do.

Mr. **Liman**. Is it Congress' fault?

Mr. **North**. I say it is the fault of the Congress for not being able to understand what the problem was, and indeed, the fault of those of us who prepared those letters for sending them the way that we did, and I have accepted my responsibility for my role in that, sir.

Mr. **Liman**. Is it Congress' fault for the various representations that were made to the Attorney General that were wrong?

Mr. **North**. I am not at—I am not at this point sure what you are referring to.

Mr. **Liman**. The ones on the HAWK, and so forth. Is that Congress' fault?

Mr. **North**. I think we have already been over that.

Mr. **Liman**. I just want to know whether your—your view as you sit here is that it was Congress' fault.

[Witness conferring with counsel.]

Mr. **Liman**. I have no further questions, Mr. Chairman, if he needs consultation with counsel to answer whether it is Congress' fault to represent things that are wrong to the Attorney General I have no further questions.

Mr. **North**. Let me answer the question, if I may, Mr. Chairman.

Chairman **Inouye**. Please do.

Mr. **North**. My answer to the question is quite simple, and I have answered it before.

I think there is fault to go on both sides. I have said that repeatedly throughout my testimony, and I have accepted the responsibility for my role in it.

Chairman **Inouye**. The hearing will stand in recess for 10 minutes.

[Recess]

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